4985171

Turning knowledge into business

ANGLE plc

Annual report and accounts 2005

"ANGLE connects science to business."

ANGLE has created an integrated business model that offers quoted access to early stage technology investment. By combining its 'hands-on' investment business with a profitable consulting and management operation, ANGLE provides the skills, headcount and networks required by its new venture companies.

Using its unique Progeny® process, ANGLE selects and exploits those technologies that will have a step-change impact in a significant market. Progeny® intimately links high-calibre management with the source of capital, enabling ANGLE to successfully create new technology businesses and overcome many of the risks associated with early-stage investment. ANGLE works in partnership with the universities, companies and research organisations that are recognised sources of ground-breaking intellectual property.

ANGLE operates in the world's two most important technology commercialisation markets*. Its risk-managed approach maximises the returns for shareholders across a diverse portfolio of technologies and markets.

*ANGLE assessment based on key technology commercialisation indicators and drivers including level of R&D spend, patent applications and grants, researchers and management pool, start-up culture, venture capital and angel funding, exit routes and prospects. The top 5 markets are the United States, United Kingdom, Germany, France and Japan.

Highlights

FINANCIAL

- Turnover increased by **44%** to **£4.13 million** (2004: £2.87 million).
- Consulting and Management operating profit increased by **22%** to **£0.52 million** (2004: £0.43 million).
- Investment to establish and develop new Ventures increased by **251%** to **£3.02 million** (2004: £0.86 million) comprising Ventures operating costs expensed in the profit and loss account of **£1.78 million** (2004: £0.67 million) and increase in fixed asset investments on the balance sheet of **£1.24 million** (2004: £0.19 million).
- Loss before tax was **£2.35 million**. The loss is stated after new Ventures development costs as above and a provision for diminution in value of current asset investments of **£1.57 million** (2004: nil). In 2004 the profit before tax was **£2.33 million**, which included profit of **£2.31 million** on disposal of investments.
- Basic loss per share of **13.87p** (2004: profit 20.43p).
- Cash at bank at year end **£5.55 million** (2004: £8.25 million).
- Consulting and Management businesses entered new financial year with strong sold order book of **£8.98 million** (2004: £3.23 million).

OPERATIONAL

- **Consulting and Management** won a major new Qatar Science and Technology Park contract worth over £6 million over three years.
- **Four new Progeny® companies formed:** ContraSoft, Customiser, Geomerics and Novocellus each offering the potential to address major worldwide markets in software testing, internet personalisation, computer graphics and IVF embryo viability respectively.
- **Good progress made by Progeny® companies:** Acolyte Biomedica, NeuroTargets and Provexis. In particular, Acolyte Biomedica has completed development of its MRSA testing product and made first sales in May 2005. Provexis has progressed product development and clinical trials of its cardio-vascular health drink, Sirco™, to be launched in Q4 2005.
- **Flotation of Provexis** completed in June 2005 through a reverse acquisition of Nutrinnovator Holdings plc, generating a gain in valuation for ANGLE of £2.00 million at the placing price.
- **New Directors of Ventures** appointed in the UK and US and teams strengthened with new recruits.
- **Negotiations in progress** with major technology corporates, research establishments and universities for commercialisation of their intellectual property.

Chairman's statement

ANGLE has made good progress in delivering both revenue returns and capital growth.

Introduction
During the year ended 30 April 2005, ANGLE has made good progress in developing its business in accordance with plans set out at flotation in March 2004.

Strong growth of the Consulting and Management businesses was achieved and the Ventures business was scaled up using the monies raised at the flotation. Investments were made to establish three new Progeny® Companies in the year with a fourth announced immediately after the year end.

Strong progress was made by Acolyte Biomedica, NeuroTargets and Provexis against their milestones during the year, with a notable success being Provexis' flotation completed in June 2005.

Results
In the year ended 30 April 2005, ANGLE increased turnover by 44% to £4.13 million (2004: £2.87 million). The loss before tax was £2.35 million, which was principally made up of the following elements:

- Increased profit before tax on the Consulting and Management businesses to £0.52 million (2004: £0.43 million), up by 22%.
- Increased investment to establish and develop new Ventures expensed in the profit and loss account of £1.78 million (2004: £0.67 million) up 164%.
- A provision for diminution in the value of investments of £1.57 million resulting from our holding in Corpora plc.
- Interest of £0.24 million (2004: £0.05 million).

In 2004 the profit before tax was £2.33 million, which included profit of £2.31 million on disposal of Exago to Corpora plc. The basic loss per share was 13.87p (2004: profit 20.43p).

Finance
At the year end, ANGLE had cash at bank of £5.55 million (2004: £8.25 million). The reduction was principally planned investment to establish and develop new Ventures, which increased by 251% to £3.02 million (2004: £0.86 million) comprising Ventures operating costs expensed in the profit and loss account of £1.78 million (2004: £0.67 million) and increase in fixed asset investments on the balance sheet of £1.24 million (2004: £0.19 million).

In addition to cash balances, ANGLE held a quoted investment valued at £0.88 million at the year end relating to its holdings in Corpora plc. Subsequent to the year end, completion of the Provexis flotation led to ANGLE holding an additional quoted investment in Provexis plc valued at £3.47 million at the placing price, which included a gain in valuation of £2.00 million.

Progeny® Companies
Significant progress has been made in expanding our Ventures capabilities and activities. Senior staff have been appointed to lead and develop new Ventures in both the UK and US markets, bringing experience from major corporate, management consulting and venture capital roles.

During the year, we completed work on establishing four new Progeny® Companies, three of which were founded in the year and the fourth immediately thereafter. These companies address large markets in software testing, internet personalisation, computer graphics and IVF embryo viability.

We are in negotiation with several major corporates and universities in the UK and US to agree the basis for commercialisation of their intellectual property.

Of our four Progeny® Companies existing at the start of the financial year, three developed well during the year according to their agreed milestones. Of particular note, was the work undertaken during the year towards the flotation of Provexis, which completed in June 2005. Development of the fourth company, IDR Therapeutics, was terminated when market evaluation indicated that there were better alternative opportunities available to us.

Strategy and outlook
ANGLE's objective is to achieve profitable long term capital growth for its shareholders through the successful combination of its Consulting and Management businesses with the establishment and development of a portfolio of Progeny® Companies in a range of technology sectors. The Group's access to intellectual property combined with its highly experienced management team puts it in a strong position to fulfil this objective over the next few years.

The Consulting and Management order book remains strong at £8.98 million at 30 April 2005 (2004: £3.23 million), with particularly strong growth forecast in the Middle East as a result of a major new contract in Qatar.

The outlook for the current financial year is encouraging since the start of the financial year we have already made a number of important announcements including the:

- flotation of Provexis through a reverse acquisition of Nutrinnovator Holdings plc raising new equity of £5.9 million from new funding and the conversion of loans. Provexis' leading product Sirco™, containing active ingredient FruitFlow™ (previously known as CardioFlow®) for maintaining cardiovascular health, is scheduled to be launched in UK supermarkets in the final quarter of 2005.
- launch of the BacLite® MRSA detection product by Acolyte Biomedica with sales to Barts and the London NHS Trust and Salisbury District Hospital. The product has been well received and the Company expects strong demand. Separately Acolyte signed a joint venture agreement with Scottish National Blood Transfusion Service to develop a test for bacterial contaminants in blood.
- formation of a new Progeny® Company, Geomerics, to commercialise intellectual property developed by academics from the University of Cambridge for application in high speed computer games graphics.

The pipeline of potential Progeny® Companies is strong and presents significant opportunities for ANGLE to further expand its Venture development activities.

I would like to thank all members of the ANGLE team for their efforts in delivering a strong performance in our first year as a public company. We have an exceptional team, and I am grateful for all their hard work, enthusiasm and commitment to the business. I look forward to working with them in the year ahead.

Hance Fullerton
Chairman
5 July 2005

Chief Executive's review

ANGLE's business is scaleable, well diversified into international markets and benefits from a portfolio of companies.

OUR STRATEGY

- → Continue growth of Consulting and Management
- → Build larger portfolio of Progeny® Companies
- → Drive Progeny® Companies through to successful exit
- → Leverage client relationships with organisations developing proprietary technology
- → Achieve sustainable long term growth
- → Reduce risk and maximise returns

Introduction
Founded in 1994, ANGLE's integrated business model combines its revenue-earning Consulting and Management businesses with its capital-growth Ventures business:

- **Consulting:** consulting on the commercialisation of technology, including consulting for major corporations, SMEs, regional and national economic development agencies and governments.
- **Management:** taking direct management responsibility for activities such as the operation of research parks and technology incubators and the management of innovation and product development programmes.
- **Ventures:** establishment and ownership of significant equity stakes in a portfolio of technology companies (Progeny® Companies), primarily in the biotechnology, electronics and IT sectors, with a view to realising value in the medium to long term.

Consulting and Management
ANGLE has built profitable Consulting and Management businesses in the UK, US and Middle East, generating revenue and providing expert in-house staff capability as well as the opportunity to build important relationships with corporates, government research establishments and universities. The relationships with owners of intellectual property are a key channel for the Group to identify and exploit opportunities to commercialise intellectual property using its proprietary Progeny® process.

The Consulting and Management businesses have performed strongly during the year. Fees increased 47% to £3.90 million (2004: £2.66 million) resulting in a profit up 22% at £0.52 million (2004: £0.43 million). A number of major contracts were secured during the year and the order book is strong at £8.98 million (2004: £3.23 million).

Ventures
The Ventures business made good progress during the year. The management teams in the UK and US were both strengthened with new recruits and, in accordance with our plans set out at the time of flotation, investment to establish and develop new Ventures was increased 251% to £3.02 million (2004: £0.86 million). This comprised Ventures operating costs expensed in the profit and loss account of £1.78 million (2004: £0.67 million) and an increase in fixed asset investments on the balance sheet of £1.24 million (2004: £0.19 million).

The pipeline of new opportunities available to ANGLE has been significantly developed. An example of this was the agreement with Ben Franklin Technology Partners of Southeastern Pennsylvania (BFTP), an internationally recognised economic development organisation, to advance the growth of technology-based companies in the Greater Philadelphia region. It is contemplated that ANGLE will commit $5 million over five years for funding new technology spin-outs that meet its Progeny® requirements. This funding will be matched by BFTP on a non-dilutive basis, thus doubling the leverage on ANGLE funds for creating Progeny® Companies.

The Greater Philadelphia region is home to many of the world's most renowned academic institutions including the University of Pennsylvania – one of the leading research universities in the United States. Collectively, the region's academic institutions attract more than $1 billion of research funding per annum, generating more than 200 patent applications per year. The region is well recognised as a global leader in the bio-pharma and medical research arena. ANGLE will serve as BFTP's preferred commercialisation partner for technologies from universities, colleges and related institutions in the region.

This agreement demonstrates the benefit ANGLE obtains from the combination of its Consulting and Management businesses with its Ventures business. ANGLE's relationship with BFTP has developed from successful consulting work in Pennsylvania, including the development of the strategy for nanotechnology in the Commonwealth of Pennsylvania.

During the year, work was undertaken on establishing four new Progeny® Companies:

- **ContraSoft:** a software testing product company commercialising technology developed by a corporate VP of R&D and University of Texas academic to improve productivity, reduce costs and improve quality in the software testing process.

- **Customiser:** an internet personalisation company founded to commercialise intellectual property generated by a Cambridge team of psychologists and university pattern recognition experts to improve on-line advertising and sales.
- **Geomerics:** a computational graphics company founded just after the year end to commercialise intellectual property developed by a team of leading academics from the University of Cambridge, Colorado School of Mines and Arizona State University for application in high speed computer games graphics.
- **Novocellus:** an IVF diagnostic company founded to commercialise revolutionary technology from University of York for non-invasive testing of the viability of IVF embryos.

Each of these new Progeny® Companies offer the potential to address major worldwide markets with differentiated products protected by intellectual property. The development of these companies is carefully controlled using ANGLE's Progeny® process to minimise the development risk and enhance the return to all the shareholders. Substantial capital returns are expected to accrue to ANGLE shareholders from these new Progeny® Companies within three to five years.

Good progress was made with ANGLE's existing Progeny® Companies. Most notably, work during the year resulted in the flotation on AIM of Provexis via a reverse acquisition of Nutrinnovator Holdings plc raising £5.9 million through a placing and the conversion of loans. Since the flotation was completed in June 2005, the financial impact of the transaction is not shown in ANGLE's accounts to 30 April 2005.

Provexis was founded by ANGLE in 2000, using the Progeny® process, as a joint venture with the Rowett Institute (a leading human nutrition research centre). ANGLE's cost of investment on the balance sheet to develop Provexis using the Progeny® process is £0.46 million. At the placing price, this original investment is valued at £2.13 million representing a multiple on investment of 4.6 times, an increase of £1.67 million over cost. In addition, ANGLE provided Provexis with convertible loan funding of £0.50 million in February 2005. This loan has been converted into new shares in Provexis plc valued at £0.83 million at the placing price, representing a multiple on investment of 1.7 times and an increase of £0.33 million over cost. The overall gain in valuation to ANGLE from the transaction is £2.00 million at the placing price.

ANGLE believes that the value of Provexis may increase substantially if Provexis is successful in its launch of Sirco™ and has therefore invested £0.50 million in the placing. Following the placing and completion of the reverse takeover, ANGLE holds 24.8% of Provexis plc's issued share capital.

ANGLE currently holds investments in eight companies, which it has developed using its established Progeny® process. Provexis is the second successful transaction for ANGLE's venture companies since ANGLE's flotation in March 2004 and further demonstrates the value of ANGLE's Progeny® process.

In addition to work on Provexis' flotation, progress has also been made during the year with the Progeny® Companies established before ANGLE's flotation, notably:

- **Acolyte Biomedica** has completed the development of its MRSA testing product and made its first sales of this product in May 2005. Independent hospital analysis of the product has been highly favourable and market demand looks promising.
- **NeuroTargets** has progressed its nerve injury and pain treatments and secured an alliance with BioFocus plc aimed at discovering treatments for nerve injury and pain.
- **Provexis** has progressed product development and clinical trials of Sirco™, its cardiovascular health drink containing active ingredient FruitFlow™ (formerly known as CardioFlow®) and has announced plans for the launch of the drink in the final quarter of 2005.

Chief Executive's review continued

During the year, a detailed evaluation was undertaken of the market prospects for Progeny® Company, IDR Therapeutics. It was concluded that the market dynamic for IDR's product offering had changed with the likely impact that the company would require a significantly increased level of investment over a longer timescale before a return would be achieved. Under these new circumstances, the development of IDR Therapeutics no longer met our requirements for investment under the Progeny® process. Accordingly the programme was terminated. The cost of investment was £0.14 million, all of which had previously been expensed through the profit and loss account.

Whilst it was disappointing to terminate the IDR programme, the strength of the Progeny® process was demonstrated through identification of a potential problem in advance of a major financial investment. Where problems are identified in the future with other Progeny® Companies, these will be similarly terminated with the minimum investment from ANGLE having been committed.

The share price of Corpora plc, the AIM listed company in which ANGLE holds shares following the sale of its Progeny® Company Exago to Corpora, has regrettably fallen significantly during the year resulting in the need for an increase in the provision for the diminution in value of investments to £1.57 million. Even after this write down, ANGLE's original investment is still valued at £0.85 million at the year end which is 4.0 times cost. On a more positive note, Corpora has recently completed a £3 million placing to fund expansion and announced software product sales to Microsoft and EDS.

The Company's ongoing strategy is to create more Progeny® Companies in the biosciences, electronics, optronics, IT, materials, nanotechnology and software sectors. At the year end, the pipeline for further Venture opportunities was strong. ANGLE's business model, high calibre management and its Progeny® process have been recognised by many potential technology partners as bridging a critical gap in exploiting their intellectual property. As a result ANGLE is evaluating new Venture opportunities with several of the UK's and US's top technology universities, key research organisations and FTSE 100/Fortune 500 businesses.

ANGLE's business is scaleable, well diversified into international markets and benefits from a portfolio of companies specialising in a number of different sectors. This diversity and flexibility is key to ANGLE's ongoing strength and stability.

With a solid performance underpinning its activities, a strong sold order book going forward and many exciting and profitable venture opportunities on the horizon, ANGLE is facing the future with confidence and optimism.

Andrew Newland
Chief Executive
5 July 2005

Consulting and Management

STRONG PERFORMANCE THROUGH THE YEAR

£3.90m
Consulting and Management Turnover

+47%
Increase on 2004

£0.52m
Profit

£8.98m
Order book

CONSULTING

↘

ANGLE provides consulting services on the commercialisation of technology and the development of technology industry.

MANAGEMENT

↘

ANGLE offers a fully managed service for the delivery of technology commercialisation support programmes on behalf of clients in the private and public sectors.

Consulting and Management highlights

ANGLE wins £6 million contract

During the year, ANGLE secured its largest ever fee-for-service contract, to manage the Qatar Science and Technology Park (QSTP) until March 2009.

The contract is worth over £6 million in addition to the existing Qatar contracts. ANGLE is responsible for the effective establishment and operation of the QSTP, placing us at the centre of one of the world's most ambitious technology commercialisation projects. We will be leading the research and commercialisation process in Qatar through a raft of QSTP programmes including the creation and growth of new technology companies, establishment of a venture capital fund, and development of an entrepreneurship training and mentoring programme. ANGLE will provide a seven person management team to lead the development and operation of the QSTP, located in Qatar's renowned Education City.

During the year ANGLE's work for the Qatar Foundation in the Middle East on QSTP included the development and approval of a five year Strategic Plan; the development of four key capacity building programmes to support research and commercialisation; the search for and recruitment of an international Board of Governors; input to the development of a free-trade zone; and the establishment of its initial international marketing programme.

ANGLE's UK and US Consulting and Management teams have been active in supporting the Qatar based team on this project, particularly in the areas of capacity building, and will play an important role in maximising the opportunities available to QSTP from Europe and North America.

In addition the ANGLE US Consulting and Management team were selected by the Qatar Foundation to undertake the development of a National Research Strategy for Qatar. The strategy will underpin many aspects of the development of technology-based industry in Qatar. The work involved the development of comparative analyses of the research and development strategies of a wide range of other countries, coupled with an extensive consultation process within Qatar to arrive at a set of national research priorities and the development of the associated strategy and implementation plan.

ANGLE wins three year contract to manage the prestigious Mansfield i-centre

ANGLE has managed the start-up, development and growth phases and processes at the Mansfield District Council's innovation centre (i-centre), a specialist business incubator, from its inception in September 2001.

The i-centre provides a supportive and dynamic business growth environment and is recognised as a significant contributor to the local economy and the success of the initiative has led to plans to build dedicated graduation space. During the year a further three years' extension to the contract was secured.

www.mansfieldi-centre.com

LDA SME Innovation Support Programme

ANGLE is continuing to work with the London Development Agency (LDA) to deliver the SME Innovation Support Programme. This major innovation focussed programme supports London's small and medium sized enterprises to identify and implement business improvement, product and market opportunities and to access R&D funding. The Programme draws on ANGLE's expertise in working with London's Universities to identify specialist resources and technology transfer opportunities that can support business adoption of innovation and facilitate intellectual property identification and exploitation. This in turn leads to new sales growth and improved competitiveness. The Programme, which forms part of the LDA's economic regeneration drive in underprivileged areas of the Capital, has considerably exceeded all its targets and ANGLE is currently working with the LDA in the development of a larger programme.

www.london-innovation.org.uk

ANGLE Carbon Trust incubator commercialises climate change technology

ANGLE is working with the Carbon Trust on 'making business sense of climate change'. ANGLE assisted the Trust in the development of its key Business Incubators programme, and were then asked to operate one of the three incubators. The 'ANGLE' Carbon Trust Incubator operates on a virtual model throughout the UK, utilising our regional presence and business skills to make companies investor ready. So far we have worked with nine companies that are developing technologies with the potential to deliver step change reductions in carbon emissions.

www.thecarbontrust.co.uk

ANGLE wins New Jersey Innovation Zones study

The US team were successful in winning their first contract in the State of New Jersey. The contract, with the New Jersey Economic Development Authority, was to undertake planning and development of a series of new Innovation Zones in three key cities within the State. These zones form a cornerstone of the State's economic development strategy for technology-based businesses.

Ventures

SIGNIFICANT

PROGRESS HAS BEEN MADE IN
EXPANDING OUR VENTURES
CAPABILITIES AND ACTIVITIES

£3.02m
Investment to establish and develop new ventures

VENTURES

ANGLE specialises in the commercialisation of intellectual property (IP) developed by universities, research organisations and corporates.

By combining experienced start-up managers with capital, ANGLE's in-house Progeny® process satisfies the unique requirements of early-stage technology businesses. ANGLE creates, develops and operates new companies that are able to bridge the 'credibility gap' between sources of IP and the conventional investment community.

Progeny® process

A unique approach

The Progeny® process draws on a diverse set of business methodologies in building a unique approach to early-stage investment. It provides ANGLE's technology partners with the right package of skills, resources and experience to overcome the usual barriers to IP exploitation. Progeny® is focused on creating businesses that are designed to be sold to trade buyers. By deploying a project approach, Progeny® manages the risk and uncertainty of creating something new.

The need for flexibility

Where management and investment are provided by separate parties there can be a reluctance to go back to investors with a modified plan. In early-stage businesses however the plan may need to change many times as the team uncovers all the issues that it must address. By intimately connecting ANGLE's high calibre managers with the source of capital, Progeny® enables the early-stage business to steer its way to the optimum commercialisation strategy without the rigidity of a conventional investor relationship.

Managing risk

Progeny®'s sequence of decision gates provides ANGLE with a framework to control risk and manage its investment. By treating all early stage businesses as projects, ANGLE's investment risk is limited to the costs incurred to reach the next gate. Up until Gate 3, ANGLE sources, filters and appraises venture opportunities to identify those that can have a step-change impact in a significant market.

Executing the plan

At Gate 3 a new company is formed and an Option agreement signed with the technology partner providing ANGLE with exclusive rights to take up the partner's IP. Between Gates 3 and 4 the new company is expected to select the optimum commercialisation strategy for the specific IP and to identify the new management who will take over responsibility from ANGLE's interim management. ANGLE provides a full suite of support services including finance, IT and administration for as long as they are required.

Between Gates 4 and 6 the new company implements the chosen strategy utilising ANGLE's seed funding and management support to build and operate the company, typically focusing on research and development activities and partner negotiations. The IP option is exercised at Gate 5 in exchange for a pre-agreed equity stake for the technology partner. By Gate 6 the management has succeeded in meeting key milestones, building a viable proposition and has a clear exit strategy that represents sufficient value-uplift to enable conventional third-party investment to be introduced on attractive terms.

Realising value

Beyond Gate 6 the company uses this additional investment to pursue its exit strategy and enter – in partnership with its new owner – the next phase of its growth whilst providing a realisation of value for ANGLE and the other shareholders.

Investment portfolio

ANGLE FOUNDS

DEVELOPS AND OPERATES PROGENY® COMPANIES IN WHICH IT RETAINS EQUITY STAKES

COMPANY	ORIGINAL SOURCE OF IP	TECHNOLOGY	PRINCIPAL APPLICATION	EQUITY POSITION AT 30 APRIL 2005
Acolyte Biomedica	Dstl, Porton Down	Medical diagnostics	Rapid bacterial and antibiotic susceptibility	10.89%
ContraSoft[1]	Dr Bill Rogers	Productivity software	Software testing	n/a
Customiser[2]	Various UK Universities	Internet personalisation	Targeted adverts and product recommendations	100%
Geomerics	University of Cambridge Academics	Computational graphics	Rapid rendering of computer game graphics	100%
NeuroTargets	University of Bristol	Functional genomics	Analgesia, diabetes complications, spinal cord	25.08%
Novocellus	University of York	IVF diagnostics	IVF embryo viability testing	100%
Provexis[3]	Rowett Institute	Nutraceutical	Cardiovascular health	32.02%

In addition, ANGLE retains an investment in Corpora plc following its sale of its Progeny® Company Exago to Corpora in April 2004.

[1] ContraSoft is a placeholder name – the actual company name will be determined shortly and the new company incorporated.
[2] Customiser is a placeholder name – the actual company name will be determined shortly.
[3] 24.8% after completion of the reverse takeover of Nutrinnovator Holdings Plc in June 2005.

Acolyte Biomedica

POTENTIAL
FOR FASTER DIAGNOSIS AND TREATMENT

$1.3 billion
Estimated global market for clinical microbiology

Diagnosis within five hours
instead of two days, by using BacLite® Rapid MRSA product.

↘

Acolyte Biomedica Limited develops proprietary diagnostic systems and research reagents for clinical microbiology and life sciences. By enabling diagnosis in hours instead of days, Acolyte's platform technology ('BacLite®') has the potential to significantly improve management of microbial infections, treat patients faster and reduce mortality and hospital costs.

Founded by ANGLE in 2000, Acolyte was the first spinout company to be based on IP originally developed by the Defence Science and Technology Laboratory (Dstl) at Porton Down – a division of The UK Ministry of Defence. BacLite® benefits from significant investment by the MoD in AK Rapid® diagnostics technology over 13 years in the military field. Acolyte has an exclusive licence for use of the technology in the medical area. Acolyte has raised £6.4 million from ANGLE and venture capitalists and ANGLE retains a 10.9% stake at the year-end.

Infectious diseases are a serious health issue, both in the UK and worldwide and increasing resistance to antibiotics makes them harder to treat. Identification of antibiotic resistence takes 2-3 days typically and as physicians cannot wait for the result before treatment, between 45% and 90% of initial antibiotic treatments are inappropriate. In the UK, hospital-acquired infections kill an estimated 7,500 patients a year. MRSA alone accounts for 140,000 infections and an estimated five million MRSA tests are carried out in the UK alone. Baclite®'s rapid diagnosis enables the results to drive effective antibiotic *therapy to be provided in two to five hours* instead of two to four days. This is predicted to lead to a reduction in the spread of resistant organisms whilst extending the life of available antibiotics – significant against a backdrop of these inappropriate levels of prescription. Shorter hospital stays, reduced need for secondary testing and the information to use less expensive antibiotics bring real savings to healthcare providers.

The global market for clinical microbiology is $1.3 billion. With current bacteriological methods still reliant on the slow and labour intensive process of culturing organisms, the opportunity for Acolyte is huge. Acolyte has already shown that BacLite® is applicable to MRSA screening, septicaemia detection and Antibiotic Sensitivity Testing (AST). Over time it is envisaged that BacLite® will be capable of managing the majority of hospital microbiology laboratory workload. The Company has put significant effort into the development of its reagent manufacturing capability, has continued to expand its operations as it moves to a manufacturing and sales company, and has *appointed a new chairman during the year.*

With successful MRSA product testing for the BacLite® technology completed at Salisbury, Southampton and St. Bart's and the London hospitals, Acolyte launched and made initial sales of BacLite® Rapid MRSA in May 2005. The new product reduces the diagnostic delay for MRSA from two days to five hours. Its UK distributor, Bio-Stat Ltd, the UK's leading sector supplier, is targeting the five million MRSA tests currently conducted in UK hospitals with early sales success.

www.acolytebiomedica.com

ContraSoft

OPPORTUNITY
FOR DRAMATIC CHANGE
TO SOFTWARE TESTING

$1 billion

Estimated global market for software testing tools

80%

Manual tests on software applications by companies

ContraSoft[1] is developing a computer software tool that combines the advantages of manual testing with the cost savings and speed of an automated solution in order to improve productivity, reduce costs and improve quality in the software testing process.

In April 2005, ANGLE announced the establishment of its latest US-based venture, under the name of ContraSoft, for the purpose of *commercialising the IP of Dr. Bill Rogers.* Dr. Rogers has an extensive background in electrical engineering and computer software development both with the University of Texas and in corporate roles.

Dr. Rogers' IP presents an opportunity to *dramatically change the approach to software* testing. Customers will benefit by seeing an increase in productivity, acceleration in bringing their products to market, and a positive impact on customer satisfaction *by producing software of a higher quality with* fewer programming errors.

The software testing tools currently available in the market are both expensive and complex, often requiring programming in their own right in order to generate and maintain effective tests, and there is a high level of dissatisfaction with the performance of existing applications. According to the National Institute of Standards *and Technology this results in some 80%* of companies continuing to test their software applications manually. Software testing tools therefore represents a very large unpenetrated market. Our market validation efforts indicate the software testing market is underserved, and offers an excellent opportunity for a new entrant. *The overall market for testing tools is over $1bn* per year with an annual growth rate expected to exceed 9% over the next 2-5 years according to market research firm IDC.

Efforts are focusing on product development and finalising the product together with building the management team. Initial testing and customer feedback has been positive and provided the company with its alpha and beta testing sites. Product launch is anticipated towards the end of the year.

[1] ContraSoft is a placeholder name.

Customiser

NEW APPROACH

TO CUSTOMER SEGMENTATION FOR ON-LINE SALES AND MARKETING COMPANIES

$1 billion

Estimated addressable market for Customiser by 2008

↘

Customiser[2] offers a sophisticated approach to customer segmentation, promising increased profits for on-line sales and marketing companies. Its software 'engine' delivers customer insight on the basis of people's perceptions. Customiser's approach offers a radically different method to the consumer targeting employed by e-tailers and portals such as MSN or Yahoo!

Customiser was established by ANGLE in 2005 to further develop and exploit the IP generated by a Cambridge-based team of psychologists and world-class pattern recognition experts.

The traditional approach for classifying customers is based on their demographic profile. It may seem self-evident that the same salary, postcode and age do not make people think, shop and live alike, and yet most segmentations use this as a starting point. Customiser's software technology is based on the precepts of cognitive psychology, which was developed in the 1960s and is now commonly used by clinical psychologists. It recognises that it is the language that people choose to use that more accurately defines their perceptions and preferences. Early trials suggest that this insight into preferences vastly improves the success rates for targeted advertising by the portals and additional sales via product recommendations.

Customiser's market is expanding rapidly and is expected to be in excess of $1 billion by 2008, driven by increasing on-line sales and the highly profitable nature of internet advertising. Advertising revenue is generated in three main ways – *imprints, click-throughs and success* fees. With success fees becoming dominant there is an increasing demand for more personalised content which, in turn, boosts customer loyalty and market share. On-line sales and marketing is highly competitive and has attracted numerous new entrants, yet there is no direct competitor using psychological profiling.

Customiser is currently building its management team with the planned appointment of sector specialists into the CEO and CTO roles. This team will focus on establishing co-development initiatives with potential corporate partners and configuring the software to demonstrate the preference engine in real-world applications.

[2] Customiser is the placeholder name adopted until ANGLE Technology Ventures (3) Ltd is formally re-named.

Geomerics

ABILITY

TO VASTLY SIMPLIFY AND SPEED UP GEOMETRIC OPERATIONS

Film quality visuals

for computer games designers

$600 million

Estimated graphics tools market

↘

Geomerics develops commercial applications for Geometric Algebra (GA) – a sophisticated form of mathematics which vastly simplifies geometric operations with the potential to revolutionise fields as diverse as computer gaming and electromagnetic modelling.

Formed in 2005 by ANGLE, Geomerics brings together a team of leading academics from Cambridge University, the Colorado School of Mines and Arizona State University. Professor David Hestenes, the originator of GA in the 1960's, and now a member of Geomerics' team, laid the principles for a new form of mathematics which vastly simplifies geometric operations by reducing the number of individual calculations.

Initially applied to theoretical physics the discipline was subsequently developed by Geomerics' Cambridge-based researchers, to deliver state-of-the art solutions to the complex geometry problems inherent in many software applications such as computer graphics. For example, depicting the shadow cast by a light in a computer game is a problem of geometry that must be solved in real time for the game to flow. Geomerics' IP has demonstrated its ability to perform calculations like these between 10 and 100 times faster. This performance offers games and games designers the ability to make a major step towards film-quality visuals – the 'holy-grail' for computer games. By allowing more complex operations to be run on less powerful processors GA also has the potential to support powerful games on devices such as mobile phones.

The revolutionary nature of the GA technology offers Geomerics the opportunity to define and own a new graphics standard for the industry. Furthermore, it may be possible to influence chip design and thereby ensure that the benefits of GA become 'hard wired' to the future of the gaming industry.

The global gaming market is currently valued at around $22 billion and is projected to grow by a further $11 billion over the next five years. The graphics tools market – the sub-sector of gaming which Geomerics targets – will be worth an estimated $600 million in 2005.

The multi-sector applicability of the GA technology means that Geomerics is only months from revenue with a solution that redefines the market for electromagnetic modelling software and helps to fund its plans in the computer games industry.

NeuroTargets

IDENTIFYING

AND VALIDATING

NEW DRUG TARGETS

$7 billion

Estimated existing market for pain treatments

↘

NeuroTargets is a discovery-led biotechnology development company, specialising in diseases of nerve injury, with plans for three classes of products in clinical development by the end of 2007 and a lead product ready for the clinic in 2006. The company has developed and patented a highly efficient process for identifying genes associated with pain and nerve repair, which are unlikely to be identified using conventional drug discovery techniques. Validation of these drug targets forms the basis of drug development to treat such nerve injuries and pain.

NeuroTargets was founded by ANGLE in 1999 to commercialise original research, carried out by a Bristol University team led by David Wynick. NeuroTargets has raised £1.28 million from ANGLE and other sources of funding and ANGLE retains a 25.08% equity stake. The intellectual property has potential applications to a range of conditions and diseases affecting the nervous systems.

NeuroTargets' business model focuses on the co-development of novel therapeutic products with innovative mechanisms of action related to nerve injury. NeuroTargets enters partnership arrangements with pharmaceutical companies – working to identify and validate new drug targets within the central and peripheral nervous systems. This is demonstrated by the company's 2001 agreement with Merck to provide novel drug targets from one of its proprietary gene libraries. NeuroTargets' research work has identified numerous gene targets that appear to be important for pain and has validated a number of these promising drug targets. The most advanced projects relate to the small GTP-binding protein Rho and the neuropeptide galanin – a peptide involved in the repair of the peripheral nervous system following injury. Galanin also acts to protect the central nervous system following stroke or disease. Gal-R2 has been identified by NeuroTargets as responsible for reducing pain, speeding up nerve regeneration and protecting the brain from injury. During the year, the company has recruited a new CEO and has entered into separate partnership arrangements with two organisations, including BioFocus PLC, to identify drug candidates which will interact with Gal-R2.

The co-development strategy involves sharing the cost of lead generation, pre-clinical and early clinical development phases and in return the parties share rights to future milestone payments and royalties. This approach allows NeuroTargets to leverage its expertise in the identification and validation of drug targets, and pharmacological screening, in exchange for the partners' chemistry competence, and means the Company can reduce costs. The existing global market for treatments targeted at nerve injury and pain is worth in the region of $7bn with strong growth forecast in the sector. More than 100 different types of peripheral neuropathy have been identified, most of which are associated with neuropathic pain. Fifty per cent of diabetics have some degree of chronic neuropathic pain secondary to neuropathy. Diabetic peripheral neuropathy is the most common and difficult to treat diabetic complication accounting for more hospitalisations than all other diabetic complications combined, and responsible for 50–70% of non-traumatic amputations. Diabetic rates worldwide are expected to double from 171 million in 2000 to 366 million by 2030 (American Diabetes Association).

www.neurotargets.co.uk

Novocellus

RAPID

AUTOMATED ASSESSMENT

OF EMBRYO VIABILITY

35-50%
improvement
in success rates of IVF

£600 million
Estimated addressable market

↘

Novocellus is aiming to boost IVF (In-vitro fertilisation) success rates by 35-50%, from existing levels of 15-22%, by developing an innovative and non-invasive IVF diagnostic technique based on assessing the viability of fertilised eggs, and thereby for the first time allowing only viable eggs to be transferred back to the mother.

Novocellus was founded by ANGLE in 2004 to commercialise intellectual property emanating from Prof. Henry Leese's department at the University of York. Using in-vitro studies, involving more than 1,000 donated embryos, the researchers had identified 18 amino acids as potential metabolic markers for the developmental competence of the fertilised embryo. The potential of this Amino Acid Profiling (AAP) technique had been indicated in a pilot study at Manchester Fertility Services Ltd (a private IVF clinic) and St Mary's Hospital, Manchester in 2002.

AAP provides a rapid, automated assessment of the likelihood of a particular embryo leading to a successful pregnancy, compared to the current techniques based on visual morphological assessment. In the views of IVF experts consulted, and based on the outcome of patent searches conducted, there are no competitive techniques to AAP, either existing or in development, and Novocellus' technology has the potential to become standard in all IVF treatment. Confidence to implant fewer, maybe a single, embryo promises a reduction in the problems (birth defects and miscarriage) and costs associated with multiple pregnancy, but with higher success rates per cycle.

The global IVF market is currently approaching 600,000 cycles annually and is growing in excess of 15% per annum reflecting lower fertility rates as couples plan families later in life. Despite this, the effectiveness of IVF therapy is still relatively poor with a success rate of less than one in four, and even that requires multiple embryos. This is largely due to an inability to identify defects in the embryos for implantation. The addressable market for an effective diagnostic technique exceeds £600 million per annum.

2005 sees Novocellus gearing up for a multi-site clinical trial due to commence in the fourth quarter. Success in this trial will provide the basis for regulatory approval in Europe, currently 50% of the world market – Novocellus expects to launch this product in 2006. Already there are several major medical diagnostic companies discussing trade partnership.

Provexis

DEVELOPING

FUNCTIONAL FOODS TO COMBAT MAJOR CAUSES OF DEATH

40%
of all deaths in Europe result from some form of circulatory disease

>$4 billion
Estimated global market for heart-healthy foods

3 hours
from consumption the benefits of FruitFlow™ are observable

Provexis is a product development and licensing company developing a range of scientifically-proven products based on naturally occurring food bioactive ingredients. These ingredients are applied in functional foods and medical foods, via a combination of own brands and licensing, to help prevent major killers such as cardiovascular disease and cancer.

Provexis Limited was founded in 2000 by ANGLE to commercialise IP developed by the Rowett Institute, Europe's leading nutrition research institute. Prior to its flotation, Provexis raised £2.26 million from ANGLE and other Venture Capitalists and ANGLE retained a 32% stake at the year-end.

Provexis stands out from the majority of companies working in the functional food field thanks to a commitment to proving the efficacy of its products in human trials so that its products can be marketed with substantive health claims. This commitment bodes well for Provexis in a market which is hungry for products which are *both effective and natural in origin.*

Sirco™, the lead product, is a fruit juice containing a patented bioactive extract from tomato that inhibits platelet aggregation – thereby reducing the risk of heart attack and stroke within just 3 hours of consumption. Sirco™ will be one of the few food products in the supermarket carrying a health claim – the claim being "helps maintain a healthy heart and benefit the circulation".

The active ingredient in Sirco™ is Fruitflow™ (formerly known as CardioFlow®). Fruitflow™ *provides a natural alternative to the widespread* self-prescription of aspirin. With approximately 40% of all deaths in Europe resulting from some form of circulatory disease, and with a global market for products with proven heart-health benefits worth in excess of $4 billion, the opportunity for Fruitflow™ in the market *place is immense.*

Clinical trials on a juice beverage containing Fruitflow™ were successfully completed in the year and the product has gained clearance from the EU Novel Foods Committee.

Provexis entered into a Joint Venture (JV) agreement with Nutrinnovator Holdings plc to access their product development and marketing expertise in addition to their major retail relationships. Via this JV, Provexis completed the product development of Sirco™ in the year including taste and texture refinement as well as establishing manufacturing and distribution arrangements and finalising packaging and branding. Negotiations with the major supermarkets are at an advanced stage.

While Fruitflow™ represents Provexis' most mature product, many other technologies are in *the pipeline. Among these products is a plantain* extract which will underpin a novel medical food for the dietary management of Crohn's Disease. In addition, the company is developing a novel functional beverage using a stealth extract from a cruciferous vegetable which is proven to reduce the risk of specific cancers.

2004/05 has been an exciting and productive year for the development of Provexis. In June 2005, it also completed the reverse acquisition of its JV partner Nutrinnovator Holdings plc and the flotation of the company on the AIM market (described further on page 5).

Financial review

The financial results for the year demonstrate significant progress in delivering our strategy.

Following the Company's listing on AIM in March 2004, the placing proceeds have been utilised on expanding the ventures team, pursuing new venture opportunities and supporting and developing the existing Progeny® Companies. The Progeny® Company investment portfolio is developing well with progress being made to create future growth in capital value for shareholders. Consulting and Management activities have continued to develop and have produced results in line with expectations. The three year QSTP contract extension worth over £6 million in fees to ANGLE is particularly notable.

The financial results for the year reflect the planned increase in our Ventures development activities. Visibility on the return generated from these investments lags the investment. Returns are now being seen from the existing Progeny® Companies. In particular, a significant post balance sheet event was the flotation of Provexis (described in more detail on page 5) which in June 2005 completed a reverse acquisition of Nutrinnovator Holdings plc, an AIM listed company, generating a gain in valuation of some £2 million on ANGLE's book cost. ANGLE's resulting shareholding of 24.8% is subject to a 12 months lock in.

Total income – turnover and other operating income (Note 2)
The reduction in total income to £4.13 million (2004: £5.27 million) resulted primarily from a strong increase in turnover of 46.7% in the Consulting and Management businesses taking turnover to £3.90 million (2004: £2.66 million) offset by the fact that there were no equity realisations in 2005 (2004: £2.40 million).

The growth in Consulting and Management businesses was primarily driven by long term management contracts and by geographic expansion into the Middle East. As highlighted above the Group was able to secure a major project extension in Qatar of over £6 million of fees over a three year period. The market for our Consulting and Management services has remained robust and the prospects for growth in the UK and US look reasonable. Consideration is being given to potential acquisitions to diversify the service offering, extend the client base and secure geographical expansion.

Prospects over the next few years for further trade sales or IPOs of some of the Group's other investments remain promising. The ability to recognise gains from such transactions as income will depend on the circumstances of the deals and the associated accounting treatment.

Operating costs (Note 4)
Staff costs remained the Group's most significant individual cost item and increased by 36% over the previous year to £2.69 million (2004: £1.97 million). Staff costs are planned to increase further in the current year reflecting expansion of the Venture development activities and growth of the Consulting and Management businesses.

Other operating costs have increased in line with the expansion of new Ventures development in particular, in Consulting and Management activities, together with Group spend on human resources, marketing, IT systems, training and other areas where the Group is seeking to increase productivity. The Group's cost base has also increased as a result of being a quoted company. The Group remains committed to maintaining as low and flexible a cost base as possible.

Retained loss for the year
The Group has produced an operating loss of £1.03 million (2004: profit £2.28 million). Profit from Consulting and Management activities is up by 21.8% to £0.52 million (2004: profit £0.43 million). The Ventures operating loss has increased to £1.55 million (2004: £0.46 million) in line with planned increases in expenditure. 2004 included profits on disposal of investments at £2.31 million. The value of the shares held as a result of this transaction has subsequently fallen back resulting in a provision for diminution in value of current asset investments of £1.57 million in the year. This reversal is disappointing, although even with this write-down the investment is still valued at four times cost.

Basic loss per share of 13.87p (2004: profit 20.43p).

ANGLE can operate with relatively low cost levels however, the small portfolio size, timescales to exit and dependence on market conditions means that the timing of profits and cash from equity realisations is uncertain. As a result, whilst there may be continuous underlying growth in the value of the Progeny® Company portfolio, accounting for the financial returns from this aspect of the business are likely to be lumpy until there is a sufficiently large portfolio of Ventures that the probability of disposals in any one year is good. Even then, a single major realisation may have a disproportionate impact on the timing of profit recognition.

Investments (Note 13)
ANGLE's investment portfolio at 30 April 2005 comprised shares in one listed company and six unlisted companies. The year has been one of progress for our Progeny® Companies in terms of meeting technical milestones and securing new funding.

During the year, ANGLE capitalised £1.24 million in its Progeny® Companies (2004: £0.19 million). The increasing level of investment in the year reflected ANGLE delivering its business model following its flotation on AIM and associated fund raising. 2005 was primarily a year of scaling up the ventures team and activities, developing new pipeline and opportunities and supporting the existing Progeny® Companies. Higher levels of investment are expected in 2006, as the new Ventures and other opportunities in the pipeline are developed using ANGLE's Progeny® process. These investments are laying the foundations for continuing value creation and future growth.

The Group states fixed asset investments at cost less amounts written off for diminution in value and does not revalue investments for uplifts in valuation following fund raising. The increase in the value of ANGLE's holdings is therefore not reflected on the balance sheet at the year end. Consideration is being given to future adoption of the fair value approach prescribed by International Accounting Standards and this is described in more detail below.

The Group's investment criteria and business cycle generally plans for investments to be realised three to five years after the Progeny® Company is established. This does, however, mean there is a time lag between initial development and investment costs and equity realisation events.

Cash (Note 22)
The Group ended the year with a cash balance of £5.55 million (2004: £8.25 million). The Group is executing its business plan so that the business activities are in line with those envisaged at the time of the flotation and the available cash resources.

International Financial Reporting Standards
Listed companies are required to adopt and report consolidated results in accordance with International Financial Reporting Standards (IFRS) for accounting periods commencing on or after 1 January 2005. Under this timescale the adoption of IFRS would affect the Company's reporting for the year ending 30 April 2006 and the Interim results for the six months ended 30 October 2005; comparative numbers would also need to be presented. AIM listed companies, however, may choose to delay adoption of IFRS to accounting periods beginning on or after 1 January 2007, when it becomes mandatory. Under this timescale the adoption of IFRS would affect the Company's reporting for the year ending 30 April 2008 and the interim results for the six months ended 30 October 2007; comparative numbers would also need to be presented. The Audit Committee has been regularly briefed on the development of IFRS and the associated International Accounting Standards (IAS) so that it can understand their impact and manage the transition to IFRS.

As well as the different presentation formats, the most notable changes for ANGLE's results in this period are likely to be related to:

- **Fair value accounting** – IAS 39 – 'Financial instruments – classification and measurement' which requires financial assets to be measured and held at fair value. The nature of ANGLE's fixed asset investments means there may be uncertainty as to their fair value, which will result in investments being held at cost unless certain events occur, such as securing third-party funding, which allows a reliable measurement of fair value to be made.
- **Share based payments** – IFRS 2 (IAS 19) – 'Share based payment', which requires fair value of equity based compensation to be recognised and charged in the profit and loss account.
- **Acquisitions and goodwill** – IFRS 3 (IAS 27) – 'Business Combinations' and IAS 38 – 'Intangible Assets'. IFRS 3 eliminates merger accounting and in all situations the purchase method must be used and an acquirer has to be identified. Under IAS 38 there will be no amortisation of goodwill. Instead it will be carried as a permanent item and be subject to an annual impairment review of the carrying value. Future acquisitions will involve the identification and evaluation of separate intangible assets.
- **Research and development expenditure** – IAS 38 'Research and Development', which requires expenditure meeting certain recognition criteria to be capitalised, amortised over its useful economic life and subject to impairment review.
- Increased disclosure generally, but in particular in relation to IAS 14 'Segmental Reporting' and IAS 24 'Related Party Transactions'.

Ian Griffiths
Finance Director
5 July 2005

HIGHLIGHTS

- → Turnover increased by 44% to £4.13 million (2004: £2.87 million).
- → Consulting and Management operating profit increased by 22% to £0.52 million (2004: £0.43 million).
- → Investment to establish and develop new Ventures increased by 251% to £3.02 million (2004: £0.86 million) comprising Ventures operating costs expensed in the profit and loss account of £1.78 million (2004: £0.67 million) and increase in fixed asset investments on the balance sheet of £1.24 million (2004: £0.19 million).
- → Loss before tax was £2.35 million. The loss is stated after new Ventures development costs as above and a provision for diminution in value of current asset investments of £1.57 million (2004: nil). In 2004 the profit before tax was £2.33 million, which included profit of £2.31 million on disposal of investments.
- → Cash at bank at year end £5.55 million (2004: £8.25 million).
- → Consulting and Management businesses entered new financial year with strong sold order book of £8.98 million (2004: £3.23 million).

Board of Directors

Hance Fullerton OBE
Chairman
Hance Fullerton has a BSc in Chemistry and from 1958 to 1976 he held technical, production and senior operational management positions in the paper industry with three international paper groups at Aberdeen, London, Fort William and Fife. From 1976 to 1981 Dr Fullerton was a general manager of Wiggins Teape Limited before becoming Divisional Director of Industrial Intermediates at their headquarters. He was appointed as General Manager of the Grampian Health Board in 1986 and Chief Executive of Grampian Enterprise Limited from 1991 to 1996. He is the former Chairman of Grampian University Hospitals NHS Trust and AURIS (the Aberdeen University commercialisation company). From 1996 to 1999, he was the Chairman of Cordah Limited, an environmental technology company, which he chaired from its creation as a joint venture between Scottish Enterprise Grampian, the University of Aberdeen and other Grampian Higher Education Institutes to its eventual sale to British Marine Technology Limited. In 1995, Dr Fullerton was awarded an OBE for Services to Industry and an LLD by the University of Aberdeen. Dr Fullerton joined ANGLE as a Director in 1996.

Andrew D W Newland
Chief Executive
Andrew Newland is the founder of ANGLE and Group Chief Executive. He has an MA in Engineering Science from the University of Cambridge, and is a qualified Chartered Accountant. After working with the engineering conglomerate, TI plc, he worked for KPMG from 1982 to1994; from 1985 to 1987 he was based in the US as a manager providing corporate finance and business advice to high technology firms in the area around Route 128, Boston, Massachusetts. From 1987 to 1994 he worked in the UK in KPMG's High Technology Consulting Group. Mr Newland founded ANGLE in 1994.

C Dawson Buck
Deputy Chief Executive
Dawson Buck has over twenty years' experience within the UK, US and international electronic security, property, retail and IT industries, holding management, director and officer positions during that time. Mr Buck began his career as a graduate trainee with Unilever, holding a number of management positions within the group. In 1975 he joined Automated Security Holdings plc where before becoming Group Chief Executive Officer, he held positions of responsibility in sales, marketing, public relations, buying, manufacturing, operations and human resources. Mr Buck was a founder and the Chief Executive Officer of Automated Loss Prevention Ltd, which he led from its inception to its sale to the Sensormatic Electronic Corporation Inc for £150 million in 1992. He became President of Sensormatic International and Senior Vice President of Sensormatic Electronic Corporation Inc from 1992 until 1996. He joined ANGLE in 2000.

Ian F Griffiths
Finance Director
Ian Griffiths has a BSc in Mathematics with Management Applications from Brunel University and is qualified as a Chartered Accountant. For seven years he worked for KPMG, initially in accountancy (1986 to 1990), then in management consulting (1990 to 1993) within KPMG's High Technology Consulting Group where he specialised in financial modelling, business planning, corporate finance, market development and strategy work. As well as leading the finance function at ANGLE, he has been closely involved with the development and delivery of the UK, US and Middle East Consulting and Management businesses and in developing new Ventures and supporting Progeny® Companies. After a career break, he joined ANGLE in 1995.

David W Quysner
Non-executive Director
David Quysner has an MA from the University of Cambridge. He began his career at ICFC (now known as 3i) in 1969, where he gained experience in development and venture capital investment and corporate finance. In 1982, he joined Abingworth Management Limited, a venture capital fund management company, and became its Managing Director in 1994 and its Chairman in 2001. He was Chairman of the British Venture Capital Association in 1996/97. He has served and is also currently on the boards of numerous companies and is the Chairman of Comino Group plc and Finsbury Technology Trust plc. He was a member of the Stock Exchange Smaller Companies Working Party, which led to the creation of London's AIM market and subsequently sat on the AIM Advisory Committee. More recently, he was a member of the Treasury Working Party on the Financing of High Technology Companies and of the University Challenge Fund Committee. He joined ANGLE in 2004.

Iain G Ross
Non-executive Director
Iain Ross has a BSc in Biochemistry from the University of London and is a Chartered Director of the UK Institute of Directors. Having held senior commercial and general management positions in Sandoz AG (Novartis), Fisons plc and Hoffmann-La-Roche, he was appointed to the board of Celltech Group plc, where from 1991 to 1995 he was Chief Executive Officer of Celltech Biologics plc. From 1995 to 2000 he was Chief Executive Officer of Quadrant Healthcare plc, which listed in 1998, merged with Andaris Ltd in 1999 and was sold to Elan in 2000. Currently Mr Ross is Chairman of SR Pharma plc and Biomer Technology Ltd and he is also a director of a number of life sciences companies including Eden Biopharma Group Ltd and Pharmacia Diagnostics AB. He joined ANGLE in 2004.

Directors' report
for the year ended 30 April 2005

The Directors present their annual report and Financial Statements for the year ended 30 April 2005.

Principal activities
The principal activity of the Company is that of a holding company. ANGLE Group is an international venture management and consulting business focusing on the commercialisation of technology and the development of technology-based industry. ANGLE creates, develops and advises technology businesses on its own behalf and for its clients.

Review of the business and prospects
The Chairman's statement, Chief Executive's review, Investment Portfolio review and the Financial review on pages 2 to 21 report on the Group's performance during the past financial year and its prospects.

Results and dividends
The Consolidated profit and loss account for the year is set out on page 32.

The Group made a loss on ordinary activities of £2,315,531 (2004: profit £2,290,620), which has been transferred to reserves.

The Directors do not recommend the payment of a dividend for the year. It is the Board's policy to invest retained earnings in order to develop new ventures. The Board periodically reviews the Company's dividend policy in the context of its financial condition and in the light of any realisations on disposal of equity stakes.

Research and development
Expenditure on research and development incurred by investments that have been consolidated into the Group results as subsidiaries under the acquisition method of accounting amounted to £nil in the year (2004: £41,883). All other investments have continued to undertake substantial research and development activities during the year.

Tangible fixed assets
The changes in tangible fixed assets during the year are explained in note 12 to the Financial Statements.

Directors and their interests
The following Directors have held office since 1 May 2004:

C D Buck
H Fullerton
I F Griffiths
A D W Newland
D W Quysner
I G Ross

The Directors' interests, including beneficial interests, in the ordinary shares and share options of the Company are shown in the Remuneration Report on pages 29 to 30.

Significant shareholdings
In addition to the Directors' interests shown on pages 29 and 30, the following shareholders had interests in 3% or more of the Company's ordinary share capital at 9 June 2005:

Name	Number of shares	Holding %
Invesco Asset Management	1,357,222	8.12
Mr Aidan Waine	1,113,334	6.66
FF&P Asset Management	807,818	4.84
Deutsche Asset Management	778,629	4.66
Cazenove Fund Management	659,000	3.94

Supplier payment policy
It is Group policy to clearly communicate and agree the terms of payment at the start of business with suppliers and to pay in accordance with the agreed terms of the contract and other legal obligations. Where no contract terms are specified, then assuming suppliers have met their obligations, the policy is to pay within 30 days of receipt of a correct invoice. The Group supports and endeavours to follow the Better Payment Practice Group guidelines. The Group had 32 days' purchases outstanding for payment at 30 April 2005 (2004: 52 days – higher figure reflecting the costs and timings associated with the flotation on 17 March 2004), based on the average daily amount invoiced by suppliers during the year.

Charitable and political donations
The Group made charitable donations during the year of £348 (2004: £nil). The Group made no political donations during the year (2004: £nil).

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 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; and
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing the Directors' report and other information in the annual report in accordance with company law in the United Kingdom.

The Directors are responsible for the maintenance and integrity of the Group's website. Information published on the website is accessible over the internet in many countries. The Group's website is based on meeting the legal requirements for the United Kingdom and not to meet the different legal requirements relating to the preparation and dissemination of financial information in other countries.

Going concern

The Directors' review of the accounts, budgets, sales pipeline, costs and forward plans and cash flow analysis, lead the Directors to believe that the Group has sufficient resources to continue in operation for the foreseeable future. The Financial Statements are therefore prepared on a going concern basis.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Baker Tilly be reappointed as auditors of the Company will be put to the Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held at 2 pm on 25 August 2005 at ANGLE's offices, Surrey Technology Centre, The Surrey Research Park, Guildford, GU2 7YG. The notice of meeting is enclosed with this report.

By order of the Board

A D W Newland
5 July 2005

Corporate Governance report

Compliance with the Combined Code

The Company's shares were admitted to trading on the Alternative Investment Market (AIM) of the London Stock Exchange on 17 March 2004. AIM listed companies are not required to comply with the disclosures of the Combined Code of Corporate Governance. However, the Board supports the principles contained in the Combined Code and is committed to maintaining the highest standards of Corporate Governance. In July 2003 The Combined Code on Corporate Governance was issued (replacing the 1998 version) and it became effective for reporting periods beginning on or after 1 November 2003. In respect of the year ended 30 April 2005 the Board has taken note of the 'revised' Combined Code provisions and sought to comply in so far as it considers them to be appropriate to a company of this size, nature and structure.

Below is a brief description of the Board, its role and its committees followed by details of the Group's systems of internal control.

Board of Directors

The Board of Directors has overall responsibility for the proper management of the Group. Its aim is to provide leadership and control in order to ensure the growth and development of a successful business, while representing the interests of the Company's shareholders.

The Board currently comprises the chairman, two Non-executive and three executive Directors and is responsible to shareholders for the governance of ANGLE plc and for the effective operation and management of the Group. Different Directors hold the roles of chairman and chief executive officer and there is a clear division of responsibilities between them. The chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision making and ensuring that the Non-executive Directors are properly briefed on matters. The Chief Executive Officer has responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group through his management of the executive Directors and senior managers. Individual directors possess a wide variety of skills and experience and biographical details of the Directors are set out on page 22 and 23.

The Non-Executive Directors are considered by the Board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement. The Board considers that the Non-executive Directors are of sufficient calibre and number to bring the strength of independence to the Board. The Board has not nominated one of them as senior independent director, as recommended in the Combined Code, as it believes issues can be raised through the normal channels of the Chairman, Chief Executive Officer and Finance Director and where necessary either of the Non-executives can be approached directly.

Management supply the Board with appropriate and timely information. All Directors are able to take training and/or independent professional advice in the furtherance of their duties if necessary. All Directors also have access, at the Company's expense, to experienced legal advice through the Company's legal advisors and other independent professional advisors as required.

The Board has at least eight meetings per year with additional special meetings as required. As well as regularly reviewing trading performance and significant risks, the Board has a schedule of matters specifically reserved to it for decision, including the review and approval of:

- Group policy and long term plans and strategy for the profitable development of the business;
- interim and annual Financial Statements;
- major investments and divestments;
- other significant financing matters such as acquisitions and capital item purchases;
- annual budgets and amendments; and
- senior executive remuneration and appointments.

In addition certain other responsibilities have been delegated to the Committees of the Board, each of which has clearly defined terms of reference (available from the Company Secretary or website).

Board effectiveness and evaluation

The Company supports the concept of an effective Board leading and controlling the Company. The Board undertook a formal evaluation of its performance, its Directors and its committees. A review, which was led by the Chairman, involved each Board member providing:

- an evaluation of performance of the Board as a whole against a series of criteria, the summary of which was used as the basis for a collective discussion;
- an evaluation of the effectiveness of individual members of the Board, the summary of which was used as the basis for individual discussion between the Chairman and the director concerned; and
- an evaluation of the effectiveness of the Chairman, the summary of which was used as the basis for individual discussion between the head of the Audit Committee and the Chairman.

The results of the evaluation have led to a number of specific actions to improve certain areas.

Service contracts and letters of appointment

The three executive Directors have service contracts with the Company dated 9 March 2004 and effective from 17 March 2004. The contracts are not set for a specific term, but include a rolling 12-month notice period by the Company or the individual.

The Chairman and Non-executive Directors have letters of appointment dated 9 March 2004 and effective from 17 March 2004. These letters are issued in place of service contracts. These appointments are not set for a specific term and are terminable at will without notice by either party.

Election

Under the Company's Articles of Association, newly appointed Directors are required to resign and seek re-election at the first annual general meeting following their appointment, and all Directors are required to seek re-election at intervals of no more than three years. ANGLE plc Directors were deemed new following our flotation and accordingly retired and were re-elected by the shareholders at the annual general meeting held on 23 September 2004.

Committees of the Board

The Board maintains Audit and Remuneration Committees and recently established a Nominations Committees. All committees operate with written terms of reference. Their minutes are circulated for review and consideration by the full Board of Directors, supplemented by oral reports on matters of particular significance from the Committee Chairmen at Board meetings.

The revised Combined Code relaxed the requirement to have three Non-executive Directors on the Audit and Remuneration Committees to two. On 26 May 2005 Mr Fullerton stepped down from his role as a member of the Audit and Remuneration Committees, reflecting the fact that he would not be considered independent under the provisions of the Code.

The following committees assist the full Board in the exercise of its responsibilities by dealing with specific aspects of the Group's affairs:

Audit Committee

The members of the committee are the Non-executive Directors, David Quysner (Chairman of the Audit Committee) and Iain Ross, and it meets at least three times a year to review the interim and annual accounts before they are submitted to the Board. The Chairman, external auditors, Finance Director and Chief Executive may attend by invitation. Provision is made to meet with the auditors at least once a year without any executive director present.

The committee has adopted formal terms of reference and considers financial reporting, corporate governance and internal controls. Its review of financial reporting includes discussion of major accounting issues, policies and compliance with generally accepted accounting standards, review of key management judgements and estimates, review of management's risk assessment and risk management activities and going concern assumptions. It also reviews the scope and results of the external audit and the independence and objectivity of the auditors and makes recommendations to the Board on issues surrounding their remuneration, appointment, resignation or removal. During the year the Audit Committee commenced detailed reviews of risk management and the impact of International Accounting Standards.

Remuneration Committee

The members of the committee are the Non-executive Directors, Iain Ross (Chairman of the Remuneration Committee) and David Quysner, and it meets at least twice a year. None of them has any personal financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross directorships nor any day-to-day involvement in running the business. The Chairman, Chief Executive and Finance Director may attend by invitation but are not present when matters affecting their own remuneration arrangements are considered.

The Committee has adopted formal terms of reference and the Committee reviews and sets the remuneration and terms and conditions of employment of the executive Directors and senior management. It also agrees a policy for the salaries and bonuses of all staff and advises on the granting of share options and awards under share schemes within the overall limits and policies authorised by the Board. The decisions of the Committee are formally ratified by the Board.

Details of directors' remuneration and service contracts together with directors' interests are shown in the Remuneration Report on pages 29 and 30.

Nominations Committee

On 25 May 2005, the Board resolved to establish a Nominations Committee. The members of the Committee are Hance Fullerton (Chairman and Chairman of the Nominations Committee) and the Non-executive Directors, Iain Ross and David Quysner, and it will meet at least twice a year. The Chief Executive and Finance Director may attend by invitation.

The Committee has adopted formal terms of reference and the Committee is responsible for reviewing the structure, size and composition of the Board and for recommending to the Board suitable candidates for both executive and Non-executive Board appointments.

Corporate Governance report continued

Directors' attendance

Directors' attendance at Board and Committee meetings during the year ended 30 April 2005

	Hance Fullerton	David Quysner	Iain Ross	Andrew Newland	Dawson Buck	Ian Griffiths
Board	11/11	10/11	9/11	11/11	11/11	11/11
Audit	3/3	3/3	3/3	n/a	n/a	n/a
Remuneration	3/3	3/3	3/3	n/a	n/a	n/a

Scoring represents individual Directors' attendance for those meetings when they were members of the Board or Committee. Two of the eleven Board Meetings were special meetings to discuss single issue items.

Internal controls

Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed, and by their nature can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control is designed to manage the risk of failure to achieve business objectives, rather than to eliminate it.

An internal audit function is not considered necessary or practical due to the size of the Group and the close day-to-day control exercised by the executive Directors and senior management. The Board will continue to monitor the requirement to have an internal audit function.

The key procedures that the Directors have established with a view to providing an effective system of internal control are as follows:

Management structure

The Board has overall responsibility for the Group and focuses on the overall Group strategy and the interests of shareholders. There is a schedule of matters specifically reserved for decision by the Board. The Board has an organisational structure with clearly-defined responsibilities and lines of accountability and each executive director has been given responsibility for specific aspects of the Group's affairs.

Quality and integrity of personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment.

Identification of business risks

The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage those risks. The Audit Committee also considers and determines relevant action in respect of any control issues raised by the auditors.

Budgets and reporting

Each year the Board approves the annual budget which includes an assessment of key risk areas. Performance is monitored and relevant action taken throughout the year through regular reporting to the Board of variances from the budget and preparation of updated forecasts for the year together with information on the key risk areas. Underpinning these budgets is a system of internal financial control, based on authorisation procedures and tiers of authority.

Investment and divestment appraisal

All material investment and divestment decisions require appraisal, review and Board approval.

During the year the Board considered the effectiveness of the Group's systems of internal controls and commenced a process for the continuous identification, evaluation and management of the significant risks the Group faces. Assessment considers the external environment, the industry in which the Group operates, the internal environment and non-financial risks such as operational and legal risks. The risks identified are ranked based on significance and likelihood of occurrence. The Board reviews the controls in place to mitigate those risks and improvements are made where required. A number of improvements have been identified and are being progressed. Day-to-day responsibility for effective internal control and risk monitoring rests with senior management.

Shareholder relations

The Company seeks to maintain and enhance good relations with its shareholders and analysts. The Company's and Group's interim and annual reports are supplemented by regular published updates to investors on commercial progress. All investors have access to up-to-date information on the Group via its website www.ANGLEplc.com which also provides contact details for investor relations queries, details on the Company's share price, share price graphs and share trading activity. The Company also distributes Group announcements electronically. Shareholders and other interested parties wishing to receive announcements via email are invited to sign up to the 'Email alerts' facility on our website.

The Directors seek to build on a mutual understanding of objectives between the Company and its shareholders, especially considering the specialist and medium-term nature of the business. Institutional shareholders, private client brokers and analysts are in contact with the Directors through a regular programme of briefing presentations and meetings to discuss issues and give feedback, primarily following the announcement of the interim and preliminary results, but throughout the year as required. The Board also receives formal feedback through the Company's stockbroker and financial PR firms.

All shareholders are invited to make use of the Company's Annual General Meeting (AGM) to raise any questions regarding the strategy, management and operations of the Group. The Chairmen of the Nominations, Audit and Remuneration Committees are available to answer any questions from shareholders at the AGM.

Remuneration report

Remuneration policy
The Company's policy on remuneration is to attract, retain and incentivise the Directors and staff in a manner consistent with the goals of good corporate governance. In setting the Company's remuneration policy, the Committee considers a number of factors including the basic salary and benefits available to executive Directors, managers and staff of comparable companies. Consistent with this policy the Company's remuneration packages awarded to executive Directors and senior management are intended to be competitive and comprise a mix of performance related and non-performance related elements as follows:

Basic salary and benefits
Salary levels are reviewed annually. The Committee believes that basic pay should be competitive in the relevant employment market and reflect individual responsibilities and performance. Benefits are currently provided to US employees only and comprise medical health insurance, dental insurance and life cover as well as a defined contribution pension scheme.

Bonuses
There is a discretionary bonus scheme which is designed to incentivise executive Directors and senior managers to perform to the highest levels and to align their interests with those of the shareholders. As a consequence the Remuneration Committee considers that it is important to link a significant proportion of the total executive remuneration package to performance at the individual, business unit and Group levels. The Remuneration Committee establishes the objectives which must be met by executives in order to qualify for a payment under the bonus scheme.

Share options
The Group has formulated a policy for the granting of share options to retain and motivate Directors and employees.

In April 2005 the Remuneration Committee appointed KPMG to review and advise on the overall remuneration arrangements for the Group in order to ensure that the Company maintains a competitive remuneration policy. The intention remains that variable pay should comprise a significant proportion of the total remuneration for executive Directors and senior management.

Non-executive Directors receive a fixed fee for their services and the reimbursement of reasonable expenses incurred in attending meetings. The remuneration of the Non-executive Directors is determined by the Board as a whole within the overall limits stipulated in the Articles of Association. Non-executive Directors are not eligible for bonuses or participation in the Company's share option scheme.

Directors' interests - shares
The Directors' interests, including beneficial interests, in the ordinary shares of the Company were as stated below:

	Ordinary shares of 10p each	
	30 April 2005	1 May 2004
C D Buck	385,028	385,028
H Fullerton	81,525	81,525
I F Griffiths	520,614	520,614
A D W Newland	6,794,686	6,794,686
D W Quysner	20,000	20,000

Directors' emoluments

Year ended 30 April	2005 Salary/fees £000	2005 Benefits £000	2005 Bonus £000	**2005 Total £000**	2004 Total £000
Executive					
Dawson Buck	136	–	–	136	140
Hance Fullerton	35	–	–	35	35
Ian Griffiths	106	–	16	122	105
Andrew Newland	223	–	34	257	288
Non-executive					
David Quysner	25	–	–	25	4
Iain Ross	25	–	–	25	4
Total	550	–	50	600	576

Remuneration report continued

Directors' interests – share options

The Directors' interests in the ordinary share options of the Company were as stated below:

Name	Date of grant	At 1 May 2004	Granted	At 30 April 2005	Exercise price	Earliest exercise date	Expiry date
C D Buck							
	09/03/2000	20,000		20,000	1.00	09/03/2003	08/03/2007
	16/02/2001	60,000		60,000	2.50	16/02/2004	15/02/2008
	27/09/2002	60,000		60,000	1.00	27/09/2005	26/09/2009
	18/07/2003	60,000		60,000	1.00	18/07/2006	17/07/2010
	17/03/2004	40,000		40,000	1.44	17/03/2007	16/03/2011
		240,000	–	240,000			
H Fullerton							
	16/02/2001	10,000		10,000	2.50	16/02/2004	15/02/2008
	27/09/2002	12,000		12,000	1.00	27/09/2005	26/09/2009
	18/07/2003	60,000		60,000	1.00	18/07/2006	17/07/2010
	17/03/2004	40,000		40,000	1.44	17/03/2007	16/03/2011
		122,000	–	122,000			
I F Griffiths							
	02-06/03/2000	60,000		60,000	1.00	02/03/2003	05/03/2007
	16/02/2001	60,000		60,000	2.50	16/02/2004	15/02/2008
	27/09/2002	60,000		60,000	1.00	27/09/2005	26/09/2009
	18/07/2003	60,000		60,000	1.00	18/07/2006	17/07/2010
	17/03/2004	40,000		40,000	1.44	17/03/2007	16/03/2011
		280,000	–	280,000			
A D W Newland							
	06/03/2000	65,313		65,313	1.00	06/03/2003	05/03/2007
	16/02/2001	60,000		60,000	2.50	16/02/2004	15/02/2008
	27/09/2002	–		–	1.00	27/09/2005	26/09/2009
	18/07/2003	–		–	1.00	18/07/2006	17/07/2010
	17/03/2004	40,000		40,000	1.44	17/03/2007	16/03/2011
		165,313	–	165,313			

No options were granted, exercised, lapsed or cancelled by the Directors during the year.

Note 19 provides additional information on share options.

Shareholder return

The Company's shares have been traded on the Alternative Investment Market (AIM) of the London Stock Exchange since 17 March 2004 when they were admitted at 144p, prior to which they were not publicly traded. The market price of the Company's shares on 30 April 2005 was 164.5p and the range of market price during the period from 1 May 2004 until 30 April 2005 was between 115p (low) and 172.5p (high).

By order of the Board

Iain Ross
Remuneration Committee Chairman
5 July 2005

Independent auditors' report to the shareholders of ANGLE plc

We have audited the Financial Statements on pages 32 to 48.

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 auditor's 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 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 the Chairman's statement, Chief Executive's review, Consulting and Management, Ventures and Investment Portfolio and Financial review, Directors' report, Corporate Governance report and the Remuneration report. 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 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 and the Group's affairs as at 30 April 2005 and of the Group's loss for the year then *ended and have been properly prepared in accordance with* the Companies Act 1985.

Baker Tilly
5 July 2005
Chartered Accountants and Registered Auditors
Guildford

Consolidated profit and loss account
for the year ended 30 April 2005

	Notes	2005 £	2004 £
Turnover	2		
Consulting and Management		**3,897,714**	2,656,553
Ventures		**234,437**	219,257
		4,132,151	2,875,810
Operating costs	4		
Consulting and Management		**(3,375,944)**	(2,228,087)
Ventures		**(1,785,400)**	(674,918)
		(5,161,344)	(2,903,005)
Other operating income			
Ventures			
Profit on disposal of investments	3	**–**	2,309,281
		–	2,309,281
Operating profit/(loss)			
Consulting and Management		**521,770**	428,466
Ventures			
Operating loss		**(1,550,963)**	(455,661)
Profit on disposal of investments		**–**	2,309,281
		(1,550,963)	1,853,620
		(1,029,193)	2,282,086
Provision for diminution in value of current asset investments	14	**(1,566,372)**	–
Net interest	8	**242,184**	46,384
Profit/(loss) on ordinary activities before taxation		**(2,353,381)**	2,328,470
Tax on profit/(loss) on ordinary activities	9	**37,850**	(37,850)
Retained profit/(loss) for the year	20	**(2,315,531)**	2,290,620
Earnings/(loss) per share	10		
Basic (pence per share)		**(13.87)**	20.43
Diluted (pence per share)		**(13.87)**	19.45

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

Consolidated statement of total recognised gains and losses
for the year ended 30 April 2005

	2005 £	2004 £
Retained profit/(loss) for the year	**(2,315,531)**	2,290,620
Currency translation differences	**(42,990)**	(26,647)
Total gains and losses recognised in the year	**(2,358,521)**	2,263,973

Balance sheets
as at 30 April 2005

	Notes	Consolidated 2005 £	Consolidated 2004 £	Company 2005 £	Company 2004
Fixed assets					
Tangible assets	12	**52,742**	31,959	**-**	-
Investments	13	**1,755,779**	516,782	**1,044,648**	1,044,648
		1,808,521	548,741	**1,044,648**	1,044,648
Current assets					
Investments	14	**881,805**	2,398,177	**-**	-
Debtors – due within one year	15	**847,584**	625,503	**-**	-
Debtors – due after one year	15	**239,570**	239,570	**8,169,677**	8,162,331
Cash at bank and in hand	22	**5,548,638**	8,246,871	**-**	-
		7,517,597	11,510,121	**8,169,677**	8,162,331
Creditors: amount falling due within one year	16	**(686,585)**	(1,063,116)	**-**	-
Net current assets		**6,831,012**	10,447,005	**8,169,677**	8,162,331
Total assets less current liabilities		**8,639,533**	10,995,746	**9,214,325**	9,206,979
Creditors: amounts falling due after more than one year	17	**(1,316)**	(6,354)	**-**	-
Net assets		**8,638,217**	10,989,392	**9,214,325**	9,206,979
Capital and reserves					
Called up share capital	18	**1,670,648**	1,669,648	**1,670,648**	1,669,648
Share premium account	20	**7,543,677**	7,537,331	**7,543,677**	7,537,331
Profit and loss account	20	**(3,129,464)**	(770,943)	**-**	-
Other reserves	20	**2,553,356**	2,553,356	**-**	-
Shareholders' funds – equity interests	21	**8,638,217**	10,989,392	**9,214,325**	9,206,979

The Financial Statements were approved by the Board on 5 July 2005 and signed on its behalf by:

H Fullerton
Director

A D W Newland
Director

Consolidated cash flow statement
for the year ended 30 April 2005

	2005 £	2004 £
Net cash inflow/(outflow) from operating activities	**(1,537,704)**	48,592
Returns on investment and servicing of finance		
Interest received	**246,936**	10,960
Interest paid	**(3,262)**	(7,307)
Net cash inflow from returns on investment and servicing of finance	**243,674**	3,653
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	**(49,177)**	(15,218)
Proceeds on disposal of tangible fixed assets	**–**	650
Expenditure on investments	**(1,288,997)**	(106,317)
Net cash outflow for capital expenditure and financial investment	**(1,338,174)**	(120,885)
Acquisitions and disposals		
Net cash disposed of with subsidiaries	**–**	–
Net cash outflow from acquisitions and disposals	**–**	–
Equity dividends paid	**–**	–
Net cash outflow before management of liquid resources and financing	**(2,632,204)**	(68,640)
Financing		
Net proceeds from issue of ordinary share capital	**(69,241)**	8,269,775
Capital element of finance lease contracts	**(10,538)**	(20,212)
Net cash inflow/(outflow) from financing	**(79,779)**	8,249,563
Increase/(decrease) in cash in the year	**(2,711,983)**	8,180,923

Notes to the consolidated cash flow statement
for the year ended 30 April 2005

C1 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2005 **£**	2004 £
Operating profit/(loss)	**(1,029,193)**	2,282,086
Depreciation of tangible fixed assets	**27,244**	30,823
Loss/(profit) on disposal of tangible fixed assets	**–**	118
Exchange differences	**(42,664)**	–
Loss/(profit) on disposal of fixed asset investments	**–**	(2,398,177)
(Increase)/decrease in debtors	**(223,573)**	(332,361)
Increase/(decrease) in creditors within one year	**(269,518)**	466,103
Net cash inflow/(outflow) from operating activities	**(1,537,704)**	48,592

C2 Analysis of net funds

	1 May 2004 £	Cash flow £	**30 April 2005 £**
Net cash:			
Cash at bank and in hand	8,246,871	(2,698,233)	**5,548,638**
Overdraft	–	(13,750)	**(13,750)**
	8,246,871	(2,711,983)	**5,534,888**
Debt:			
Finance leases	(16,891)	10,538	**(6,353)**
Net funds	8,229,980	(2,701,445)	**5,528,535**

C3 Reconciliation of net cash flow to movements in net funds

	2005 **£**	2004 £
Increase/(decrease) in cash in the year	**(2,711,983)**	8,180,923
Cash outflow from reduction in debt	**10,538**	20,212
New finance lease	**–**	(6,764)
Exchange differences	**–**	(26,647)
Movement in net funds in the year	**(2,701,445)**	8,167,724
Opening net funds	**8,229,980**	62,256
Closing net funds	**5,528,535**	8,229,980

Notes to the Financial Statements
for the year ended 30 April 2005

1 Accounting policies
1.1 Accounting convention
The Financial Statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards
The Financial Statements are prepared in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards.

The Directors have, in accordance with sections 226 and 227 of the Companies Act 1985, departed from the standard format of the profit and loss account in presenting the Financial Statements. Profits and losses on disposals of fixed asset investments, and provisions for diminution in value of fixed asset investments are included in 'Other operating income' within operating profit as these represent a return from a principal class of business activity.

1.3 Basis of consolidation
Subsidiaries

Unless otherwise stated, subsidiary undertakings are consolidated on the basis of the acquisition method of accounting. Under this method of accounting the results of trading subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group transactions and balances are eliminated fully on consolidation and the consolidated accounts reflect external transactions only. The Group uses trading subsidiaries as a medium through which it conducts its business.

In accordance with the Companies Act 1985, where the Group's interest in a company exceeds 50% of the equity share capital it is included as an investment where it is held exclusively with a view to its subsequent resale.

Associates

The Directors consider that equity method of accounting would not give a true and fair view of the Group's activities or interest in investments. FRS9 – Associates and Joint Ventures, permits the classification of associated undertakings as investments where the investments are held exclusively as part of an investment portfolio, with a view to their disposal and the ultimate realisation of capital gains.

1.4 Fixed asset investments
Fixed asset investments are carried at the lower of pre-transaction carrying amount or cost, less provision for diminution in value. Carrying values are reviewed on a regular basis by the Directors. Provisions for diminution in value are based upon an assessment of events or changes in circumstances that indicate an impairment has occurred (see note 22 on Fair Values).

In furtherance of its core activity of commercialising technology, the Group invests sums towards the establishment and development of new Technology Ventures. These expenditures are capitalised as the Group's cost of investment and take the form of seed funding to cover management costs and expenses, external market research, professional fees, technology research and development and IP acquisition costs. Each project is entered into in the expectation of establishing highly valuable technology ventures in which the Group retains a significant equity stake that has the potential for disposal at a high commercial return.

The Group holds all equity investments exclusively as part of its investment portfolio, with a view to their disposal and the ultimate realisation of capital gains.

The Directors consider that treating all Fixed Asset investments consistently as a single asset class allows a better understanding of the Group's activities by removing the accounting variability of associate accounting methods.

All of the Group's participating interests are in companies and are referred to as 'investments' throughout these Financial Statements.

1 Accounting policies continued

1.5 Current asset investments

Short term investments are classified as current assets and are valued at the lower of cost and mid-market value at the balance sheet date.

1.6 Turnover

Turnover represents amounts receivable for goods and services net of value added tax.

Consulting and Management revenues are recognised in proportion to the stage of completion of each project. The stage of completion takes into account the milestones achieved in relation to the project deliverables.

1.7 Pensions

The pension costs charged in the Financial Statements represent the contributions payable by the Group during the year in accordance with FRS17.

1.8 Research and development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

1.9 Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.10 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 denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

1.11 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated 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:

Computer equipment	*33.33%*	*Straight line*
Fixtures, fittings and equipment	33.33%	Straight line

1.12 Leases

Assets obtained under hire purchase contracts and finance leases, and any other leases that entail taking substantially all the risks and rewards of ownership of an asset, are capitalised on the balance sheet and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2 Turnover and segmental analysis

The Group operates in one principal area of activity – technology commercialisation and has two classes of business – Consulting and Management and Ventures. The nature of these operations is significantly different and therefore segmentation by class of business has been provided on the face of the Consolidated Profit and Loss account.

Notes to the Financial Statements continued
for the year ended 30 April 2005

2 Turnover and segmental analysis continued

The turnover of the Group for the year has been primarily derived from its Consulting and Management activities. Some £0.94 million (2004: £0.21 million) of the fees relate to reimbursable operating expenditure incurred on management contracts. In addition the Group provides management services to investments in the form of Non-executive director services, management, accounting and administration support for which it receives fees. The geographical analysis, as defined by the country or area in which the client is based, is as follows:

	2005 £	2004 £
Consulting and Management		
United Kingdom	**2,190,561**	1,606,384
Other European countries	**7,804**	34,169
North America	**429,027**	560,358
Middle East	**1,270,322**	455,642
	3,897,714	2,656,553
Ventures		
United Kingdom	**234,437**	176,695
North America	**–**	42,562
	234,437	219,257
Total turnover	**4,132,151**	2,875,810

A significant proportion of the costs incurred and assets utilised across the Group support all business classes in all geographic regions and staff frequently work across different business classes and geographic regions. Therefore, the Directors consider it is neither meaningful or practical to provide the additional geographical segmental information required by Statement of Standard Accounting *Practice (SSAP) 25 – Segmental Reporting, in respect of turnover, operating profit/loss and net assets by country of origin. Such* information would relate to the location of staff when delivering services and as such would not provide additional relevant information.

Total income

Proceeds of the sale of investments is not shown as part of turnover. Instead the net profit on disposals is shown on the face of the profit and loss as other operating income, as explained in note 1.2. The total income for the Group for its core business activities is as follows:

	2005 £	2004 £
Consulting and Management	**3,897,714**	2,656,553
Ventures		
Management services	**234,437**	219,257
Equity realisations (note 14)	**–**	2,398,177
Total income	**4,132,151**	5,273,987

3 Profit on disposal of investments

	2005 £	2004 £
Profit on disposal of investments	**–**	2,309,281

On 5 April 2004, ANGLE Technology Ventures Limited sold its 49.9% interest in Exago Limited for a consideration of £2.40 million and a profit in the year of £2.31 million. No tax has been provided for in respect of the profit on disposal as this transaction is eligible for the *substantial shareholding relief exemption.*

Proceeds of the disposal were satisfied by the issue to the Group of 6,071,335 new ordinary shares in Corpora plc, then representing 18.1% of Corpora's issued share capital. It is the Group's intention to dispose of this investment in an orderly and timely fashion and the Corpora shares are therefore held as a current asset investment (see notes 13 and 14).

4 Operating costs

	2005 £	2004 £
Staff costs – employees (note 6)	**2,686,593**	1,974,561
Depreciation	**27,244**	30,823
Auditors' remuneration – audit services	**30,250**	21,500
Auditors' remuneration – non-audit services	**25,545**	2,500
Bad debts	**–**	10,000
Research and development	**–**	41,883
Other operating costs	**2,391,712**	821,738
	5,161,344	2,903,005

Non-audit services provided relate to tax compliance and tax advice in relation to corporate affairs, valuations, share options and founder shares and expatriates. Additional auditors' remuneration of £113,350 was incurred in 2004 in relation to fees for professional services provided on the Group's flotation and was charged directly to the share premium account.

5 Directors' emoluments

	2005 £	2004 £
Emoluments for qualifying services	**599,490**	575,871
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	**256,680**	287,625

No director accrued retirement benefits in the year.

Disclosures relating to individual Directors' emoluments are given in the Remuneration Report on pages 29 to 30.

6 Employment

Employment costs

The aggregate employment costs of staff (including Directors) for the year was:

	2005 £	2004 £
Wages and salaries	**2,430,401**	1,780,132
Social security costs	**242,555**	180,942
Other pension costs (note 7)	**13,637**	13,487
	2,686,593	1,974,561

Number of employees

The average number of employees (including Directors) during the year was:

	2005 Number	2004 Number
Executives	**25**	17
Administration	**11**	8
	36	25

7 Pension costs

The Group operates a defined contribution pension scheme for employees in the USA. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £7,637 (2004: £7,487). Contributions totalling £3,190 (2004: £386) were payable to the fund at the year-end and are included in creditors. The Group made pension costs payments of £6,000 (2004: £6,000) directly to a personal pension plan for one employee.

Notes to the Financial Statements continued
for the year ended 30 April 2005

8 Net interest receivable

	2005 £	2004 £
Interest receivable	**245,446**	53,690
Interest payable		
Bank interest	**116**	3,536
Lease finance charges	**3,146**	3,770
	3,262	7,306
Net interest receivable	**242,184**	46,384

9 Tax on profit/(loss) on ordinary activities

As a result of the Group's furtherance of its core activity of establishing and developing technology and biotechnology companies, taxable losses have been incurred which are available for offset against future taxable profits. The Group is also eligible for and takes advantage of the substantial shareholdings relief UK corporation tax exemption. This results in the gain from any disposals of UK investments where the Group has an equity stake greater than 10%, and subject to certain other tests, being free of corporation tax. A deferred tax asset has not been recognised in respect of these losses as the Group does not anticipate taxable profits to arise within the foreseeable future.

The estimated value of the deferred tax asset not recognised, measured at a standard rate of 30% is £960,000 (2004: £825,000).

	2005 £	2004 £
Profit/(loss) on ordinary activities before tax	**(2,353,381)**	2,328,470
Tax on profit/(loss) on ordinary activities at 30%	**(706,014)**	*698,540*
Factors effecting charge:		
Capital allowances for period in excess of depreciation	**649**	(2,348)
Disallowable expenses	**19,644**	10,264
Other tax adjustments	**–**	(89)
Capital transactions	**–**	(692,784)
Provision for diminution in value of investments	**469,912**	–
Unutilised losses carried forward	**215,809**	24,267
Prior year adjustment	**(37,850)**	–
Current tax charge/(credit) for year	**(37,850)**	37,850

10 Earnings/(loss) per share

The basic and fully diluted earnings per share is calculated on an after tax loss of £2.32 million (2004: profit £2.29 million). Share options are regarded as dilutive if the exercise price was below the average fair value. Note 19 provides information on outstanding options. Share options are non-dilutive for the year because of the loss.

Group	2005 £	2004 £
Profit/(loss) for the financial year	**(2,315,531)**	2,290,620
Weighted average number of ordinary shares	**16,697,500**	11,209,904
Effect of dilutive share options	**–**	565,293
Adjusted weighted average number of ordinary shares	**16,697,500**	11,775,197
Earnings/(loss) per share – basic (p)	**(13.87)**	20.43
Earnings/(loss) per share – diluted (p)	**(13.87)**	19.45

11 *Profit of the parent company*

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 profit for the financial year was £nil (2004: £nil).

12 *Tangible fixed assets*

Group	Computer equipment £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 May 2004	140,250	58,666	198,916
Additions	48,353	–	48,353
Exchange movements	(1,304)	(251)	(1,555)
At 30 April 2005	**187,299**	**58,415**	**245,714**
Depreciation			
At 1 May 2004	109,342	57,615	166,957
Charge for the year	26,205	1,039	27,244
Exchange movements	(990)	(239)	(1,229)
At 30 April 2005	**134,557**	**58,415**	**192,972**
Net book value			
At 30 April 2005	**52,742**	**–**	**52,742**
At 30 April 2004	30,908	1,051	31,959

Included above are assets held under finance leases as follows:

	Computer equipment £	Fixtures, fittings and equipment £	Total £
Net book value			
At 30 April 2005	**2,670**	–	**2,670**
At 30 April 2004	13,853	–	13,853
Depreciation charge for the year			
At 30 April 2005	**10,913**	–	**10,913**
At 30 April 2004	20,360	392	20,752

Company

The Company does not hold any tangible fixed assets.

13 Fixed asset investments

Group investments	Shares £	Loans £	Total £
Cost			
At 1 May 2004	486,782	30,000	516,782
Additions	738,997	500,000	1,238,997
At 30 April 2005	**1,225,779**	**530,000**	**1,755,779**

Loans are normally convertible into equity and are non-interest bearing.

Notes to the Financial Statements continued

for the year ended 30 April 2005

13 Fixed asset investments continued

Group investments at the end of the year comprise the following:

Fixed asset investment	Principal activity	Class of share held	Effective holding Before minority interests %	Effective holding After minority interests %
Acolyte Biomedica Limited[1][2]	Medical diagnostic systems	Ordinary	10.89	10.72
NeuroTargets Limited[1]	New drug targets	Ordinary	25.08	24.27
Provexis Limited[1][2][3]	Nutraceutical products	Ordinary	32.02	31.00
ANGLE Technology Ventures 3 Limited ("Customiser")	Internet personalisation	Ordinary	100.00	n/a
Geomerics Limited	*Computational graphics*	*Ordinary*	*100.00*	*n/a*
Novocellus Limited	IVF diagnostics	Ordinary	100.00	n/a
Held as current asset investments (note 14)				
Corpora plc[1][2][4]	Knowledge management software	Ordinary	16.17	n/a

All incorporated in Great Britain.

(1) *The effective Group holdings shown are before the effects of any dilutive share options or warrants within the individual investments.*

(2) Recent Financial Statements are unavailable and management information is deemed commercially sensitive. Net assets and profit/(loss) figures are based on the most recently filed accounts with Companies House.

(3) 24.8% after completion of the reverse takeover of Nutrinnovator Holdings plc in June 2005.

(4) 10.65% after completion of a £3 million fund raising in May 2005.

The aggregate amount of capital and reserves and the results of these investments for the last relevant financial year were as follows:

	Date of financial statements	Net assets	Profit/(loss) for the year
Acolyte Biomedia Limited	31/12/2004	976,230	(1,184,381)
NeuroTargets Limited	30/04/2004	78,072	(191,356)
Provexis Limited	30/04/2004	(10,653)	(514,708)
ANGLE Technology Ventures 3 Limited	30/04/2004	1	n/a
Geomerics Limited	NewCo	n/a	n/a
Novocellus Limited	30/04/2004	1	n/a
Corpora plc	31/12/2004	9,674,431	(2,649,553)

Subsidiaries

The following principal subsidiaries have been consolidated into the Group Financial Statements using the acquisition method of accounting:

	Country of registration or incorporation	Class	Holding %
ANGLE Technology Licensing Limited	Great Britain	Ordinary	100
ANGLE Technology Limited*	Great Britain	Ordinary	100
ANGLE Technology Ventures Limited	Great Britain	Ordinary	100
Progeny bioVentures Limited	*Great Britain*	*Ordinary*	*96.50*
ANGLE Technology LLC	USA	Membership Units	100

* subsidiary held directly

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

	Principal activity
ANGLE Technology Licensing Limited	*Dormant*
ANGLE Technology Limited	Principal UK trading company – consulting and management services
ANGLE Technology Ventures Limited	Establishment and growth of technology companies
Progeny bioVentures Limited	Establishment and growth of biotech companies
ANGLE Technology LLC	US subsidiary covering all of Group's business

13 Fixed asset investments continued

Company investments

At the year end the Company directly owned 100% of the ordinary share capital of the previous holding company ANGLE Technology Limited. The amount brought forward of £1,044,648 relates to the acquisition of the whole of the issued share capital in ANGLE Technology Limited at book value.

	Shares in subsidiaries £
Cost	
At 1 May 2004 and 30 April 2005	1,044,648

14 Current asset investments

Group	**2005 £**	2004 £
Net book value	**2,398,177**	–
Additions	**50,000**	2,398,177
Provisions for diminution in value	**(1,566,372)**	–
	881,805	2,398,177
Market value		
Listed investments at 30 April	**881,805**	2,549,961

Current asset investments are valued at the lower of cost and mid-market value at the balance sheet date. They comprise shares in Corpora plc which is listed on AIM.

15 Debtors

	Group		Company	
	2005 £	2004 £	**2005 £**	2004 £
Amounts falling due within one year:				
Trade debtors	**406,829**	300,879	**–**	–
Amounts owed by investments	**–**	59,614	**–**	–
Other debtors	**10,394**	–	**–**	–
Prepayments and accrued income	**430,361**	265,010	**–**	–
	847,584	625,503	**–**	–
Amounts falling due after more than one year:				
Amounts owed by Group undertakings	–	–	8,169,677	8,162,331
Amounts owed by investments (note 22)	239,570	239,570	–	–

ANGLE plc provides a centralised treasury function to trading subsidiaries. The amounts due from Group undertakings are interest free, unsecured and have no fixed date of repayment.

16 Creditors: amounts falling due within one year

	Group		Company	
	2005 £	2004 £	**2005 £**	2004 £
Bank overdraft	**13,750**	–	**–**	–
Net obligations under finance leases	**5,038**	10,538	**–**	–
Trade creditors	**262,542**	295,152	**–**	–
Corporation tax	**–**	37,850	**–**	–
Other taxes and social security costs	**97,493**	129,153	**–**	–
Other creditors	**1,000**	500	**–**	–
Accruals and deferred income	**306,762**	589,923	**–**	–
	686,585	1,063,116	**–**	–

Notes to the Financial Statements continued
for the year ended 30 April 2005

17 Creditors: amounts falling due after more than one year
The Group was committed to making the following payments under finance leases:

Group	2005 £	2004 £
Net obligations under finance leases		
Repayable within one year	**5,911**	12,434
Repayable between one and five years	**1,576**	7,487
	7,487	19,921
Finance charges and interest allocated to future accounting periods	**(1,134)**	(3,029)
	6,353	16,892
Included in liabilities falling due within one year	**(5,037)**	(10,538)
Net obligations under finance leases due after more than one year	**1,316**	6,354

Obligations under finance leases are secured on the assets to which they relate.

18 Share capital
The share capital of the Company is shown below:

	2005 £	2004 £
Authorised		
40,000,000 ordinary shares of 10p each	**4,000,000**	4,000,000
Allotted, called up and fully paid		
16,706,484 (2004: 16,696,484) ordinary shares of 10p each	**1,670,648**	1,669,648

During the year 10,000 shares with a nominal value of 10p per share were issued as a result of the exercise of share options.

19 Share option schemes and warrants
The Company operates Approved and Unapproved Share Option Schemes as a means of encouraging ownership and aligning interests of staff and external shareholders. Share options are a key part of the remuneration package and are granted at the discretion of the Remuneration Committee taking into account the need to motivate, retain and recruit high calibre executives. On 30 April 2005 the following options over ordinary shares of 10p each in the Company were outstanding:

Year of grant (each year ended 30 April)	Exercise period	Option price	2005 Number of options	2004 Number of options
2000	02/03/2003 – 09/03/2007	£1.00	**439,313**	460,313
2001	16/02/2004 – 15/02/2008	£2.50	**457,200**	478,800
2002	31/10/2004 – 21/01/2009	£2.50	**22,000**	22,000
2003	27/09/2005 – 26/09/2009	£1.00	**448,000**	450,000
2004	18/07/2006 – 14/01/2011	£1.00	**882,687**	884,687
2004	17/03/2007 – 16/03/2011	£1.44	**850,000**	880,000
2005	19/07/2007 – 01/02/2012	£1.215-£1.425	**293,393**	–
			3,392,593	3,175,800

Options are not exercisable until three years after the date of grant and cease to be exercisable after seven years from the date of grant. 10,000 options (2004: nil) were exercised during the year, 32,600 (2004: nil) share options lapsed during the year and 34,000 (2004: 105,800) share options were cancelled.

Share option agreements in place require the employee to reimburse the Company for the cost of employer's National Insurance Contributions and other equivalent taxes, and accordingly the Company does not accrue for such taxes that would otherwise be due on share option gains.

On 30 April 2005, 312,500 options with an exercise price of £1.44 (representing 5% of the value of the Placing Shares at the Placing Price) over ordinary shares of 10p each in the Company were outstanding to KBC Peel Hunt (2004: 312,500 at £1.44). The options were issued as part consideration for its services in connection with the placing and cease to be exercisable on 10 March 2011.

20 Statement of movements on reserves

Group	Other reserves £	Share premium account £	Profit and loss account £
At 1 May 2004	2,553,356	7,537,331	(770,943)
Premium on shares issued during the year		6,346	
Retained profit/(loss) for the year			(2,315,531)
Currency translation differences			(42,990)
At 30 April 2005	2,553,356	7,543,677	(3,129,464)

Company	Share premium account £	Profit and loss account £
At 1 May 2004	7,537,331	–
Premium on shares issued during the year	6,346	
Retained profit for the year		–
At 30 April 2005	7,543,677	–

21 Reconciliation of movements in shareholders' funds

Group	**2005 £**	2004 £
Profit/(loss) for the year	**(2,315,531)**	2,290,620
Conversion of warrants	**–**	16,916
Gross proceeds from issue of shares	**10,000**	9,000,000
Issue expenses	**(2,654)**	(837,669)
Currency translation differences	**(42,990)**	(26,647)
Net addition to/(depletion of) shareholders' funds	**(2,351,175)**	10,443,220
Opening shareholders' funds	**10,989,392**	546,172
Closing shareholders' funds	**8,638,217**	10,989,392

Company	**2005 £**	2004 £
Profit for the year	**–**	–
Share for share exchange	**–**	1,044,648
Gross proceeds from issue of shares	**10,000**	9,000,000
Issue expenses	**(2,654)**	(837,669)
Net addition to shareholders' funds	**7,346**	9,206,979
Opening shareholders' funds	**9,206,979**	–
Closing shareholders' funds	**9,214,325**	9,206,979

22 Financial instruments

The Group's financial instruments comprise cash, treasury deposits, overdraft, finance leases and various items such as trade debtors and trade creditors which arise directly from its operations. The Group has taken advantage of the exemption available in FRS13 'Derivatives and other financial instruments' to exclude short term debtors and creditors from the disclosures of financial assets and liabilities.

In addition the Group holds an investment portfolio comprising loans, listed and unlisted equity investments in technology based companies (note 13).

It is the Group's policy that no trading in financial derivatives shall be undertaken.

The main risks arising from the Group's financial instruments are adverse interest rate movements, adverse currency rate movements, liquidity risk and investment risk.

Notes to the Financial Statements continued
for the year ended 30 April 2005

22 Financial instruments continued
Interest rate risk and profile of financial assets and liabilities
Financial assets of the Group comprise cash at bank and in hand as well as treasury deposits and loan notes. Other financial assets on which no interest is earned comprise fixed and current asset investments and details are provided in notes 13 and 14 respectively. It is the Group's policy to place surplus cash resources on deposit at both floating and fixed term deposit rates of interest with the objective of maintaining a balance between accessibility of funds and competitive rates of return. Fixed term deposits are for varying periods ranging from one to six months, to the extent that cash flow can be reasonably predicted.

Group – financial assets		2005 £	2004 £
Floating rate cash deposits	– Sterling	**4,033,718**	8,162,332
Non-interest bearing cash	– Sterling (right of offset)	**(145,638)**	57,554
Floating rate cash deposits	– US dollar	**1,654,456**	–
Non-interest bearing cash	– US dollar	**6,102**	26,985
		5,548,638	8,246,871
Floating rate loan note	– Sterling (note 15)	**239,570**	239,570
		5,788,208	8,486,441

The floating rate cash deposits Sterling earn interest at 0.5% below the Bank of England Base rate. The weighted average interest rate on Sterling cash deposit for this period was 4.2%. The weighted average interest rate on US dollar cash deposit for this period was 1.8%. The floating rate loan note earns interest at 3% above LIBOR for the period of the loan.

Financial liabilities of the Group in the normal course of business comprise overdraft facilities and finance leases (see note 17 for profile), but not borrowings. It is the Group's policy to use various financial instruments with floating and fixed rates of interest with the objective of maintaining a balance between continuity of funding, matching the liability with the use of the asset, and finding flexible funding options for a reasonable charge.

The Group utilised overdraft facilities in 2004 although had a positive cash balance at the year-end. Following the placing, the Group let its overdraft facility of £200,000 lapse. The Group believes that it has a good long-standing banking relationship and that these facilities can be reinstated if required. Finance leases and hire purchase agreements are held under fixed rate contracts. The Group has no long term borrowings or undrawn committed borrowing facilities. Therefore the Group is not exposed to any interest rate risk on its financial liabilities.

Group – financial liabilities		2005 £	2004 £
Fixed rate finance leases	– Sterling	**1,316**	6,354
Non-interest bearing overdraft	– US dollar (note 16)	**13,750**	–

Currency risk
The Group has overseas subsidiaries, the revenues and expenses of which are denominated in Sterling and US dollars. As a result, the Group's Sterling profit and loss account and balance sheet may be affected by movements in the US dollar : Sterling exchange rate.

The majority of the Group's operating revenues and expenses are in Sterling and US dollars. Sales are priced in sterling or US dollars for preference although the Group has a limited amount of revenues and currencies denominated in other currencies. A natural hedge exists through the matching of anticipated foreign currency operating expenses with foreign currency revenues. The excess exposure over and above this natural hedge is managed for all significant foreign currencies using forward currency contracts or currency swaps. In exceptional circumstances the Board may approve of contracts in excess of twelve months.

Hedging
Other than the natural hedge, the Group did not hedge its financial transactions in 2005 or 2004.

Liquidity risk
The nature of the Group's activities means it finances its operations through retained earnings, including equity disposals, and the issue of new shares to investors. The principal cash requirements are in relation to developing new ventures, funding investments and meeting working capital requirements. The Group seeks to manage liquidity through planning, forecasting, careful cash management and managing the investment risk.

22 Financial instruments continued

Investment risk

Equity investments are held to achieve capital growth in their value with the intention of subsequent disposal at a profit. The main risks arising from these equity investments is technological and market price risk. The Group seeks to manage investment risk by using investment appraisal processes and monitoring procedures with regular reports made to the Board on the status of investments.

Fair values of financial assets and liabilities

Except for Group investments, the nature of the Group's financial instruments means the Directors believe the fair value and the book value of financial assets and financial liabilities is not materially different.

Group investments comprise fixed asset and current asset investments. Fixed asset investments have a book value of £1,755,779 (2004: £516,782). It is not practical to estimate with sufficient reliability the fair values of these investments as they consist of private companies whose valuations are dependent on the development and bringing to market of innovative technology and whose value can be affected by market sentiment. The Directors have, however, considered the carrying value of these investments taking into account available BVCA and market value information and are confident that they will recover more than the book value as at 30 April 2005. Current asset *investments comprise listed investments and note 14 provides information on their book and fair values.*

23 Contingent liabilities

The Group and Company had no contingent liabilities at 30 April 2005 (2004: £nil).

24 Guarantees and other financial commitments

The Group has obligations under finance leases as shown in note 17. The Group leases office accommodation on leases of generally less than one year with monthly rental payments and has a number of retainers with professional advisors.

In addition the Group had the following financial commitments that it had contracted but not provided for:

Group	**2005** **£**	2004 £
Capital investments	**105,744**	354,391
Letters of support	**10,000**	40,000

Capital investments relates to the Group's follow on investment in Acolyte Biomedica at its last funding round in February 2004. The Group agreed to invest a total of £460,708 over a period of two years in order to maintain its equity holding in the company. At 30 April 2005, £354,059 of this investment has been made, and a balance of £105,744 remained due, pending the meeting of further investment milestones.

The Group has provided letters of support to certain of its investments at the year end up to an amount of £10,000 (2004: £40,000) and has agreed not to call up debts in relation to services provided until the earlier of the date when new equity investment is secured, and 12 months from the date of the letter of support.

Notes to the Financial Statements continued
for the year ended 30 April 2005

25 Related party transactions

The Company has relied on the exemptions given in FRS8 not to disclose transactions between itself and its subsidiaries that have been eliminated on consolidation.

The Group provided executive management and support services to and incurred expenditure on behalf of early stage investments as follows:

Group	2005 £	2004 £
Acolyte Biomedica Limited	**36,582**	20,933
Corpora plc	**23,731**	2,000
Exago Limited	**–**	118,870
NeuroTargets Limited	**20,255**	12,414
Provexis Limited	**153,868**	39,396
Novocellus Limited	**215,118**	–
ANGLE Technology Ventures 3 Limited	**65,843**	–

At the balance sheet date amounts were due from investments as follows:

Group	2005 £	2004 £
Acolyte Biomedica Limited	**9,216**	2,799
Corpora plc	**30,728**	2,000
Exago Limited	**–**	52,294
NeuroTargets Limited	**6,201**	2,529
Provexis Limited	**68,281**	7,925

Directors' interests – related party interests and transactions

Apart from the interests disclosed in the remuneration report on pages 29 to 30, none of the Directors had any interest at any time during the year ended 30 April 2005 in the share capital of the Company or its subsidiaries. However, certain Directors hold interests in the shares of investments as follows:

1 Mr Buck is a Non-executive Director of Corpora plc and has 303,713 unapproved share options in the company (rolled over from Exago Ltd) representing 0.78% of the issued share capital at 30 April 2005 (2004: 303,713 share options representing 0.9%).

2 Mr Griffiths purchased 938 shares in NeuroTargets Ltd for £15,008 representing 1.1% of the issued share capital at 30 April 2005 (2004: 938 shares representing 1.4%)

No Director had a material interest in a contract, other than a service contract, with the Company or its subsidiaries, or investments during the year.

ANGLE plc

Surrey Technology Centre
The Surrey Research Park
Guildford GU2 7YG

T: +44 (0)1483 295830
F: +44 (0)1483 295836
E: enquiries@ANGLEplc.com

www.ANGLEplc.com

Directors and advisors

Directors
Hance Fullerton OBE, Chairman
Andrew D W Newland, Chief Executive
C Dawson Buck, Deputy Chief Executive
Ian F Griffiths, Finance Director
David W Quysner, Non-executive Director[AR]
Iain G Ross, Non-executive Director[AR]

A – Audit Committee
R – Remuneration Committee

Secretary
Ian F Griffiths

Company number
4985171

Registered office and business address
Surrey Technology Centre
The Surrey Research Park
Guildford
Surrey GU2 7YG
+44 (0)1483 295830
www.ANGLEplc.com

Auditors
Baker Tilly
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

Nominated Advisor and Broker
KBC Peel Hunt Ltd
111 Old Broad Street
London EC2N 1PH

Registrars
CRG Capita
34 Beckenham Road
Beckenham
Kent BR3 4TU

Bankers
National Westminster Bank
PO Box 1
1 Stoke Road
Guildford
Surrey GU1 3ZR

Bank of America
300 East Main Street
Charlottesville
Virginia VA 22902

Solicitors/Lawyers
Pinsent Masons
Dashwood House
69 Old Broad Street
London EC2M 1NR

Holland & Knight
1600 Tysons Boulevard
Suite 700, Mclean
Virginia VA 22102-4867

Financial Public Relations
Buchanan Communications Ltd
107 Cheapside
London EC2V 6DN