

DOUGHTY HANSON & CO IV LIMITED
(formerly FundFour Limited, and formerly the 2202nd Single
Member Shelf Investment Company Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR
THE ELEVEN MONTHS ENDED 31 DECEMBER 2003



Registered in England No. 4645557

Doughty Hanson & Co IV Limited
(formerly FundFour Limited, and formerly the 2202nd Single Member Shelf
Investment Company Limited)

Annual Report and Financial Statements for the eleven months ended
31 December 2003

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Doughty Hanson & Co IV Limited
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Investment Company Limited)

Report of the Directors

The Directors present their Report to the member together with the audited financial statements for the eleven months ended 31 December 2003 which were approved by them on 29 April 2004.

Incorporation

The Company was incorporated as the 2202nd Single Member Shelf Investment Company Limited on 23 January 2003. The Company changed its name to FundFour Limited on 24 March 2003 and then to Doughty Hanson & Co IV Limited on 30 September 2003.

Business review

The principal activity of the Company is, and will continue to be, to act as General Partner for Doughty Hanson & Co IV.

Results and dividends

The results for the period are set out in the profit and loss account on page 6.

Liability insurance

The Company has professional indemnity insurance in place in respect of the duties of the Directors and Officers.

Directors

The Directors of the Company who served during the period were as follows.

	Appointed	Resigned
N. E. Doughty	24 March 2003	-
R. P. Hanson	24 March 2003	-
C. J. Wallis (alternate to N. E. Doughty)	24 March 2003	-
M. Lever	24 March 2003	-
Loviting Limited	23 January 2003	24 March 2003
Serjeant's Inn Nominees Limited	23 January 2003	24 March 2003

Interests of Directors

The interests of the Directors in office at 31 December 2003 in the share capital of Doughty Hanson & Co. Limited, the ultimate parent company, all of which are fully paid, were as follows.

Director		2003		2002	
		Ordinary £1 Shares	Participating £0.50 Shares	Ordinary £1 Shares	Participating £0.50 Shares
N. E. Doughty	Ordinary 'A' Shares	6,667	65,280	6,667	65,280
R. P. Hanson	Ordinary 'B' Shares	3,333	40,800	3,333	40,800
C. J. Wallis		-	1	-	24,480
M. Lever		-	-	-	-

Share capital

The Company was incorporated on 23 January 2003 with issued share capital of £1.

Doughty Hanson & Co IV Limited
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Report of the Directors (continued)

Independent Auditors

PricewaterhouseCoopers LLP have been appointed as the auditors of the Company and have signified their willingness to continue in office. In accordance with Section 385 of the Companies Act 1985, a resolution for re-appointment will be proposed at the forthcoming Annual General Meeting.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that the financial statements comply with the above requirements.

By order of the Board.



M. Lever
Director
29 April 2003

Registered Office
45 Pall Mall
London
SW1Y 5JG

Doughty Hanson & Co IV Limited
(formerly FundFour Limited, and formerly the 2202nd Single Member Shelf
Investment Company Limited)

Report of the Independent Auditors to the member of Doughty Hanson & Co IV
Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

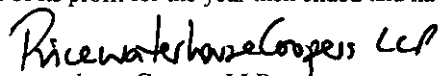
Basis of audit opinion

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 affairs at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
29 April 2004

Doughty Hanson & Co IV Limited
 (formerly FundFour Limited, and formerly the 2202nd Single Member Shelf
 Investment Company Limited)

Profit and Loss Account

For the eleven months ended 31 December 2003

	Notes	2003 £'000
Turnover - continuing operations		
Income from Limited Partnerships	2	2,602
Administrative expenses		<u>(2,573)</u>
Operating profit - continuing operations		29
Interest receivable and similar income		<u>5</u>
Profit on ordinary activities before taxation	6	34
Taxation		<u>(10)</u>
Profit on ordinary activities after taxation		24
Dividends		<u>-</u>
Retained profit for the period	11	<u><u>24</u></u>

The Company has no recognised gains and losses other than the profits above and therefore no separate statement of recognised gains and losses has been prepared.

There is no difference between either profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

The notes on pages 8 to 12 form an integral part of these financial statements.

Doughty Hanson & Co IV Limited
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Balance Sheet as at 31 December 2003

	Notes	2003 £'000
Fixed Assets		
Investments	7	<u>1</u>
Current assets		
Debtors: amounts falling due within one year	8	338
Cash at bank and in hand		<u>2,759</u>
		3,098
Creditors: amounts falling due within one year	9	<u>(2,641)</u>
Net current assets		<u>457</u>
Total assets less current liabilities		457
Provisions for liabilities and charges	10	<u>(433)</u>
Total assets less total liabilities		<u>24</u>
Capital and reserves		
Called-up share capital	11	-
Profit and loss account		<u>24</u>
Shareholder's funds - equity	12	<u>24</u>

The notes on pages 8 to 12 form an integral part of these financial statements.

The financial statements on pages 6 to 12 were approved by the board of directors on 29 April 2003 and were signed on its behalf by:


 M. Lever
 Director

Doughty Hanson & Co IV Limited
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Notes to the financial statements for the eleven months ended 31 December 2003

1 Accounting policies

Basis of accounting

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

A summary of the more important Company accounting policies which have been applied consistently is set out below.

The headings and formats adopted in the profit and loss account have been adapted from those specified in the Companies Act 1985 as, in the opinion of the Directors, those adopted more appropriately reflect the nature of the Company's business.

Incorporation

The Company was incorporated as the 2202nd Single Member Shelf Investment Company Limited on 23 January 2003. The Company changed its name to FundFour Limited on 24 March 2003 and then to Doughty Hanson & Co IV Limited on 30 September 2003.

Fixed asset investments

Investments are valued at cost less provision, if appropriate, for impairment.

Limited Partnerships and Investments

As at 31 December 2003, the Company managed four venture capital Limited Partnerships in which it has a small participating interest, and for which it acts as the General Partner. Investments held through the Limited Partnerships are made with the express intention of capital appreciation.

There are severe long-term restrictions upon the ability of the General Partner to exercise control or dominant influence over the partnerships other than for the interests of the Limited Partners. Accordingly the partnerships have been excluded from the consolidation and the Company's interest in the partnerships have been included in the balance sheet at cost less provision, if appropriate, for impairment.

Interest in the Limited Partnerships together with the investee companies, which are held in the Limited Partnerships and are technically subsidiaries, are listed in note 7.

Organisational Expenses

Costs incurred in establishing funds are reimbursed by the Limited Partners of Doughty Hanson & Co IV. In accordance with the Limited Partnership Agreement, this reimbursement is limited to €2.5million.

Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date. No provision is made for taxation on permanent differences. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities recognised have not been discounted.

Doughty Hanson & Co IV Limited
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Notes to the financial statements for the eleven months ended 31 December 2003

1 **Accounting policies (continued)**

Income recognition

Partnership income is recognised from the date of signing the individual partnership agreements.

Preferential drawings

Preferential drawings received are taxed when sufficient income and capital gains are earned in the underlying Limited Partnerships of which the Company acts as General Partner. This timing difference gives rise to a deferred tax liability.

Deferred income

Preferential drawings received prior to the due date are accounted for as deferred income.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period and foreign exchange differences are taken to the profit and loss account in the period in which they arise.

2 **Turnover**

Income from Limited Partnerships represents preferential drawings due and organisational expenses reimbursable from the four Limited Partnerships constituting Doughty Hanson & Co IV.

	2003 £'000
Preferential drawings	1,573
Organisational expenses recovered	<u>1,029</u>
	<u>2,602</u>

3 **Profit on ordinary activities before taxation is stated after charging:**

	2003 £'000
Remuneration of auditors - audit fees	8
Remuneration of auditors – other fees	283
Other organisational expenses incurred during the period	1,720
Management fee charged by Doughty Hanson & Co Managers Limited	562

4 **Employee information**

There were no employees of the Company during the period. Services are provided to the Company by Doughty Hanson & Co Managers Limited, a fellow subsidiary.

5 **Directors' emoluments**

No directors received emoluments during the period.

Doughty Hanson & Co IV Limited
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Notes to the financial statements for the eleven months ended 31 December 2003

6	Taxation	2003 £'000
	Current tax:	
	Group relief surrendered to fellow subsidiary undertakings	<u>(423)</u>
	Deferred tax (note 10):	
	Short term timing differences	471
	Losses	<u>38</u>
	Tax on profit on ordinary activities	<u>10</u>

The tax assessed for the year is less than the standard rate of United Kingdom corporation tax of 30% (2002 – 30%). The differences are explained below.

	2003 £'000
Profit on ordinary activities before tax	<u>34</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 30% (2002 – 30%)	11
Short term timing differences	<u>(472)</u>
Losses	<u>38</u>
Current tax credit for the period	<u>(423)</u>

7 Fixed asset investments

Investments in Limited Partnerships of £708 represents the General Partner's capital in the four Limited Partnerships constituting Doughty Hanson & Co IV.

The Company also owns 100% of the shares, costing in aggregate £4, in four wholly owned subsidiaries which act as nominees for the four Limited Partnerships constituting Doughty Hanson & Co IV. These subsidiaries are as follows:

- Doughty Hanson & Co IV Nominees One Limited, a company incorporated in England.
- Doughty Hanson & Co IV Nominees Two Limited, a company incorporated in England.
- Doughty Hanson & Co IV Nominees Three Limited, a company incorporated in England.
- Doughty Hanson & Co IV Nominees Four Limited, a company incorporated in England.

In accordance with the exemptions available under section 288 of the Companies Act 1985, the Company has not prepared consolidated financial statements.

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Notes to the financial statements for the eleven months ended 31 December 2003

8	Debtors: amounts falling due within one year	2003 £'000
	Amounts owed by parent and subsidiary undertakings	<u>338</u>
9	Creditors: amounts falling due within one year	2003 £'000
	Amounts owing to fellow subsidiary undertakings	2255
	Accruals and deferred income	<u>386</u>
		<u>2,641</u>
10	Provisions for liabilities and charges	2003 £'000
	Deferred tax	2003 £'000
	Profit and loss account	<u>433</u>
	Balance at 31 December 2003	<u>433</u>
	Deferred tax provided in the financial statements is as follows:	
		2003 £'000
	Tax effect of timing differences:	
	Short term timing differences	471
	Losses	<u>(38)</u>
	Balance at 31 December 2003	<u>433</u>
	There are no unprovided amounts.	
11	Share capital	2003 £
	Authorised	
	1,000 Ordinary shares of £1 each	<u>1,000</u>
	Allotted, called up and issued	
	1 Ordinary share of £1 each	<u>1</u>

The Company was incorporated on 23 January 2003 with issued share capital of £1.

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Notes to the financial statements for the eleven months ended 31 December 2003

12 Reconciliation of movements in shareholder's funds

	2003
	£'000
Allotment of shares during the period	-
Profit for the period	<u>24</u>
Closing shareholder's funds	<u>24</u>

13 Cash flow statement

The company is exempt under FRS 1 (Revised 1996) from the requirement to prepare a cashflow statement.

14 Related parties

The controlling parties are Nigel Doughty and Richard Hanson. The Company has taken advantage of the exemption in Financial Reporting Standard No.8 ("FRS 8") from the requirement to disclose intra group transactions which are defined as related party transactions under FRS 8. The following are other related party transactions.

The Company is the general partner in the four Limited Partnerships constituting Doughty Hanson & Co Technology. This entitles the Company to a share of income and capital distributions made in accordance with the Limited Partnership agreements. During the period the Company received £1,573,123 by way of preferential drawings.

15 Ultimate parent company

The ultimate parent company is Doughty Hanson & Co Limited. Consolidated financial statements are available from the Company Secretary at 45 Pall Mall, London SW1Y 5JG.