

DOUGHTY HANSON & CO IV LIMITED

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

31 DECEMBER 2005



Registered in England No. 4645557

Doughty Hanson & Co IV Limited

Annual Report and Financial Statements for the year ended 31 December 2005

Contents

	<u>Page</u>
Report of the Directors	3 - 4
Report of the Independent Auditors	5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8 - 13

Doughty Hanson & Co IV Limited

Report of the Directors

The Directors present their Report to the member together with the audited financial statements for the year ended 31 December 2005 which were approved by them on 13 April 2006.

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 year are set out in the profit and loss account on page 6. The directors do not recommend the payment of a dividend for the year (2004 - £nil).

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 year were as follows:

	Appointed	Resigned
N. E. Doughty	24 March 2003	-
R. P. Hanson	24 March 2003	-
C. J. Wallis	24 March 2003	11 May 2005
M. Lever	24 March 2003	-

Interests of Directors

The interests of the Directors in office at 31 December 2005 and 31 December 2004 in the share capital of Doughty Hanson & Co. Limited, the ultimate parent company, all of which are fully paid, were as follows:

Director		2005		2004	
		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
M. Lever		-	-	-	-

Financial risk management

The Company's operations expose it to certain financial risks. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company.

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 their re-appointment will be proposed at the forthcoming Annual General Meeting.

Doughty Hanson & Co IV Limited

Report of the Directors (continued)

Statement of Directors' Responsibilities

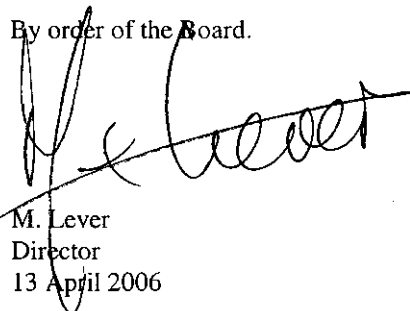
Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- 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
13 April 2006

Registered Office:
45 Pall Mall
London
SW1Y 5JG

Doughty Hanson & Co IV Limited

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

We have audited the financial statements of Doughty Hanson & Co IV Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 into 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
13 April 2006

Doughty Hanson & Co IV Limited

Profit and Loss Account

For the year ended 31 December 2005

	Notes	2005 £'000	2004 £'000
Turnover - continuing operations			
Income from Limited Partnerships	2	14,226	8,734
Administrative expenses		<u>(10,773)</u>	<u>(8,322)</u>
Operating profit - continuing operations		3,453	412
Interest receivable and similar income		<u>355</u>	<u>53</u>
Profit on ordinary activities before taxation	3	3,808	465
Taxation	6	<u>(1,309)</u>	<u>(136)</u>
Profit on ordinary activities after taxation	12	2,499	329
Retained profit brought forward		<u>353</u>	<u>24</u>
Retained profit carried forward		<u>2,852</u>	<u>353</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 year stated above and their historical cost equivalents.

The notes on pages 8 to 13 form an integral part of these financial statements.

Doughty Hanson & Co IV Limited

Balance Sheet as at 31 December 2005

	Notes	2005 £'000	2004 £'000
Fixed Assets			
Investments	7	<u>2</u>	<u>1</u>
Current assets			
Debtors: amounts falling due within one year	8	5,107	3,331
Cash at bank and in hand		<u>5,958</u>	<u>2,780</u>
		11,065	6,111
Creditors: amounts falling due within one year	9	<u>(7,975)</u>	<u>(2,888)</u>
Net current assets		<u>3,090</u>	<u>3,223</u>
Total assets less current liabilities		3,092	3,224
Provisions for liabilities and charges	10	<u>(240)</u>	<u>(2,871)</u>
Net assets		<u>2,852</u>	<u>353</u>
Capital and reserves			
Called-up share capital	11	-	-
Profit and loss account		<u>2,852</u>	<u>353</u>
Shareholder's funds	12	<u>2,852</u>	<u>353</u>

The notes on pages 8 to 13 form an integral part of these financial statements.

The financial statements on pages 6 to 13 were approved by the board of directors on 13 April 2006 and were signed on its behalf by:



M. Lever
Director

Doughty Hanson & Co IV Limited

Notes to the financial statements for the year ended 31 December 2005

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.

Fixed asset investments

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

Limited Partnerships and Investments

As at 31 December 2005, 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.

Through the investments in the Limited Partnerships, the investee companies held by the Limited Partnerships could be considered technically subsidiaries and such investee companies are listed in note 7.

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.

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 receipts 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.

Doughty Hanson & Co IV Limited

Notes to the financial statements for the year ended 31 December 2005

1 Accounting policies (continued)

Deferred income

Preferential drawings received prior to the period to which they relate are accounted for as deferred income.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period. Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling on the date of transaction. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

2 Turnover

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

	2005 £'000	2004 £'000
Income from Limited Partnerships	14,226	8,002
Organisational expenses reimbursable	-	732
	<u>14,226</u>	<u>8,734</u>

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

	2005 £'000	2004 £'000
Remuneration of auditors - audit services	14	12
Remuneration of auditors – other services	14	100
Organisational expenses incurred during the year	-	410
Management fee charged by Doughty Hanson & Co Managers Limited	10,549	7,840

4 Employee information

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

5 Directors' emoluments

No directors received emoluments during the year (2004 - £nil).

Doughty Hanson & Co IV Limited

Notes to the financial statements for the year ended 31 December 2005

6 Taxation

	2005 £'000	2004 £'000
Current tax:		
UK Corporation tax	4,592	-
Group relief receivable from fellow subsidiary undertakings	-	(2,261)
Adjustments in respect of prior years	<u>(652)</u>	<u>(41)</u>
	3,940	(2,302)
Deferred tax (note 10):		
Short term timing differences	(3,450)	2,401
Adjustments in respect of prior years	<u>819</u>	<u>37</u>
	(2,631)	2,438
Tax on profit on ordinary activities	<u>1,309</u>	<u>136</u>

The tax assessed for the year differs from the standard rate of United Kingdom corporation tax of 30% (2004 – 30%). The differences are explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	<u>3,808</u>	<u>465</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 30% (2004 – 30%)	1,142	140
Short term timing differences	3,450	(2,401)
Adjustments in respect of prior years	<u>(652)</u>	<u>(41)</u>
Current tax charge / (credit) for the year	<u>3,940</u>	<u>(2,302)</u>

7 Fixed asset investments

	2005 £'000	2004 £'000
Investments in Limited Partnerships	<u>2</u>	<u>1</u>

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

The Company also has 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.

Doughty Hanson & Co IV Limited

Notes to the financial statements for the year ended 31 December 2005

7 Fixed asset investments (continued)

In accordance with the exemptions available under section 228 of the Companies Act 1985, the Company has not prepared consolidated financial statements. These companies are as follows:

Saft Luxembourg S.a.r.l

This company is registered in Luxembourg. The Funds hold 93.9% of the Ordinary shares on a fully diluted basis. The company holds a minority stake in a market-leading manufacturer of high-end batteries for a wide range of industry applications.

Balta Luxembourg S.a.r.l

This company is registered in Luxembourg and is the holding company of a group that is a leading European manufacturer of wall-to-wall carpets and area rugs. The Funds hold 57.2% of the Ordinary shares on a fully diluted basis.

Tumi I, Inc

This company is registered in the United States and is the holding company of a group that is a leading high-end luggage and business accessory brand. The Funds and the Company in aggregate hold 72.2% of the Common stock on a fully diluted basis.

Green Alpha S.a.r.l

This company is registered in Luxembourg and is the holding company of a group that is a leading manufacturer of electrical components for industrial and building automation. The Funds hold 75.0% of the Ordinary shares on a fully diluted basis.

8 Debtors: amounts falling due within one year

	2005	2004
	£'000	£'000
Amounts owed by parent and subsidiary undertakings	369	338
Group relief receivable from parent and subsidiary undertakings	2,953	2,302
Other debtors	<u>1,785</u>	<u>691</u>
	<u>5,107</u>	<u>3,331</u>

9 Creditors: amounts falling due within one year

	2005	2004
	£'000	£'000
Trade creditors	45	2
Amounts owing to fellow subsidiary undertakings	2,022	2,565
Corporation tax payable	4,592	-
Accruals and deferred income	<u>1,316</u>	<u>321</u>
	<u>7,975</u>	<u>2,888</u>

Doughty Hanson & Co IV Limited

Notes to the financial statements for the year ended 31 December 2005

10 Provisions for liabilities and charges

	2005 £'000	2004 £'000
Deferred tax		
Balance at 1 January	2,871	433
Profit and loss account	<u>(2,631)</u>	<u>2,438</u>
Balance	<u>240</u>	<u>2,871</u>

Deferred tax provided in the financial statements is as follows:

	2005 £'000	2004 £'000
Tax effect of timing differences:		
Short term timing differences	240	2,872
Losses	<u>-</u>	<u>(1)</u>
Balance	<u>240</u>	<u>2,871</u>

There are no unprovided amounts.

11 Share capital

	2005 £	2004 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and issued		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

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

12 Reconciliation of movements in shareholder's funds

	2005 £'000	2004 £'000
Opening shareholder's funds	353	24
Profit for the year	<u>2,499</u>	<u>329</u>
Closing shareholder's funds	<u>2,852</u>	<u>353</u>

13 Cash flow statement

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

Doughty Hanson & Co IV Limited

Notes to the financial statements for the year ended 31 December 2005

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 IV. This entitles the Company to a share of income and capital distributions made in accordance with the Limited Partnership agreements. During the year the Company received £14,034,355 by way of preferential drawings (2004 - £8,002,131) and £191,188 (2004 - £nil) by way of carried interest. Additionally, in accordance with the Limited Partnership agreements, the Company received £nil by way of reimbursement of organisational expenses (2004 - £732,295). Amounts receivable at 31 December 2005 in relation to organisational expenses are £nil (2004 - £462,971).

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.