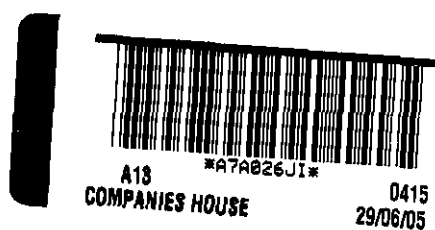


Sofius Investment 2
(Formerly Sofius Investments 2 Limited)

ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2004
2091062



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REPORT OF THE DIRECTORS

The directors submit their annual report and audited financial statements for the year ended 31 December 2004.

Principal activities

Sofius Investments 2 ("company") primarily holds investments in the Sofius Greenhouse Fund LP (formerly Reuters Greenhouse Fund LP) a Delaware Limited Partnership and certain UK listed investments.

Financial statements and internal control

A statement of the directors' responsibilities in respect of the financial statements and internal financial control is set out on page 4. The profit and loss account is set out on page 6.

Review of business and likely future developments

The company's retained loss for the financial year was £57,752 (2003: profit of £1,082). The directors are not proposing to pay a dividend (2003: Nil).

Charitable and political contributions

No charitable or political contributions were made during the year (2003: Nil).

Directors and their interests

The interests of the directors in the share capital of group companies are disclosed in the parent company, Sofius Capital Limited, financial statements.

DIRECTOR	RESIGNED	APPOINTED
RES Martin	22 June 2004	
Sir David Walker		22 June 2004
John Taysom		22 June 2004
Martin Stapleton		22 June 2004
Norman Fiore		22 June 2004

Change in ownership and control

The company was acquired by Sofius Capital Limited on 22 June 2004.

Post Balance Sheet Events

The company re-registered as an unlimited company on 21 January 2005. The issued share capital of the company has been reduced from £4,403,758 to £2 on 27 January 2005.

Auditors

An elective resolution has been passed by the shareholders of the company pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

REPORT OF THE DIRECTORS (CONTD)

Statement of Directors' Responsibilities


The directors are responsible for preparing the annual report including, as described below, the financial statements.

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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a 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.

By order of the Board



Norman Fiore
Director
10 June 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOFIUS INVESTMENTS 2 (FORMERLY SOFIUS INVESTMENTS 2 LIMITED) FOR YEAR ENDED 31 DECEMBER 2004

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared in accordance with the accounting policies set out in note 1.

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 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 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 report of the directors.

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 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 of the state of the company's affairs at 31 December 2004 and of its loss 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
10 June 2005

PROFIT AND LOSS ACCOUNT

For the year ended 31 December	Notes	2004 £	2003 £
Turnover	2	373	654
Operating costs	3	(27,797)	-
Operating (loss) / profit		(27,424)	654
Profit on disposal of fixed asset investments	4	7,844	-
Net interest (payable) / receivable	5	(38,172)	433
(Loss) / profit on ordinary activities before taxation		(57,752)	1,087
Taxation	6	-	(5)
(Loss) / profit after taxation		(57,752)	1,082
Dividends		-	-
Retained (loss) / profit		(57,752)	1,082

Revenue and operating loss derive from continuing operations. The loss for the year has been computed on an unmodified historical cost basis.

The Company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET

At 31 December	Notes	2004 £000	2003 £000
Fixed assets			
Investments	10	226,445	460,033
		<u>226,445</u>	<u>460,033</u>
Current assets			
Debtors	11	-	9
Cash at bank and in hand		210,738	-
		<u>210,738</u>	<u>9</u>
Creditors: Amounts falling due within one year	12	(15,280)	(4,384,143)
Net current assets / (liabilities)		195,458	(4,384,134)
Total assets less current liabilities		421,903	(3,924,101)
Creditors: Amounts falling due after one year		-	-
Net assets / (liabilities)		<u>421,903</u>	<u>(3,924,101)</u>
Capital and reserves	13		
Called-up share capital		4,403,758	2
Profit and loss account reserve		(3,981,855)	(3,924,103)
Equity shareholders' funds		<u>421,903</u>	<u>(3,924,101)</u>

The notes on pages 8 to 11 form part of the financial statements.

The financial statements were approved by the board of directors on 10 June 2005.

Norman Fiore

Norman Fiore
Director

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Accounting basis

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

A summary of the significant accounting policies which have been consistently applied throughout the year is set out below.

Fixed asset investments

Fixed asset investments are recorded at cost less provision for impairment. Provisions for impairment are taken to the profit and loss account.

Income from these investments is reported in the profit and loss account as income from fixed asset investments and is net of management fees and other expenses.

Deferred Taxation

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

2. Turnover

All revenue relates to income from other fixed asset investments.

3. Operating costs

	2004 £	2003 £
Costs include:		
Auditors' remuneration:		
Audit fees	5,000	-

4. Profit on disposal of fixed asset investments

	2004 £	2003 £
Cash Proceeds received	19,054	-
Cost of investments sold	(11,210)	-
	<u>7,844</u>	<u>-</u>

5. Net interest (payable) / receivable

	2004 £	2003 £
Interest receivable:		
Bank interest	857	433
Interest payable:		
Interest on repayment of loan	(39,029)	-
	<u>(38,172)</u>	<u>433</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6. Taxation on profit on ordinary activities

	2004 £	2003 £
Current tax:		
UK Corporation tax	-	130
Adjustments in respect of prior periods	-	(125)
Tax on profit on ordinary activities (see note 7)	-	5

7. Factors affecting tax charge for the period

The tax assessed for the period is different from the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2004 £	2003 £
Loss on ordinary activities before taxation	(57,752)	1,087
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	(17,326)	326
Effects of:		
Non taxable UK dividends	(112)	(196)
Non taxable income	(2,353)	-
Share of net taxable income of Sofius Greenhouse Fund LP	492	-
Unrelieved tax losses	19,299	-
Adjustments in respect of prior periods	-	(125)
Current tax charge for the year	-	5

Deferred tax asset of £433k relating to unrelieved tax losses has not been recognised in the accounts due to uncertainty of recovery.

8. Employee information

There are no employees of the company (2003: nil)

9. Directors' remuneration

None of the directors had any beneficial interest in the share capital of the company or an interest in any transactions or arrangements with the company, which require disclosure.

None of the directors received any payment for their services as directors of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

10. Investments

	Other Investments £	Listed Investments £	Total £
Cost			
1 January 2004	1,747,372	11,233	1,758,605
Additions	-	-	-
Disposals	(222,378)	(11,210)	(233,588)
31 December 2004	1,524,994	23	1,525,017
Amounts written off			
1 January 2004	(1,298,572)	-	(1,298,572)
Disposals	-	-	-
31 December 2004	(1,298,572)	-	(1,298,572)
Net book value at 31 December 2004	226,422	23	226,445
Net book value at 1 January 2004	448,800	11,233	460,033

The market value of listed investments is nil (2003: £17,214). Had all listed investments been disposed of on 31 December 2004, no tax would have been payable.

Other investments represent the investment in Sofius Greenhouse Fund LP (formerly Reuters Greenhouse Fund LP).

11. Debtors

	2004 £	2003 £
Other debtors	-	9
	-	9

12. Creditors: Amounts falling due within one year

	2004 £	2003 £
Trade creditors	5,287	-
Amounts due to Group Undertakings	-	4,384,143
Current UK corporation tax	5	-
Accruals and deferred income	9,988	-
	15,280	4,384,143

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

13. Capital and reserves

	Called-up share capital £	Profit & loss account reserve £	Share- holders equity £
At 1 January 2004	2	(3,924,103)	(3,924,101)
Shares issued in the year	4,403,756	-	4,403,756
Retained loss for the year	-	(57,752)	(57,752)
At 31 December 2004	4,403,758	(3,981,855)	421,903

Share capital	2004 Number	2003 Number	2004 £	2003 £
Authorised				
Ordinary shares of £1 each	4,500,000	1,000	4,500,000	1,000
	2004 Number	2003 Number	2004 £	2003 £
Allotted, called-up, fully paid				
Ordinary shares	4,403,758	2	4,403,758	2

14. Cash flow statement

The Sofius Capital Limited financial statements for the year ended 31 December 2004 contain a consolidated statement of cash flows. The company has taken advantage of the exemption granted by Financial Reporting Standard 1 (revised 1996), whereby it is not required to publish its own cash flow statement.

15. Post Balance Sheet Events

The company re-registered as an unlimited company on 21 January 2005. The issued share capital of the company has been reduced from £4,403,758 to £2 on 27th January 2005.

16. Related Parties

The ultimate parent undertaking and controlling party was Sofius Capital Limited at 31 December 2004, which is registered in England. This is the parent undertaking of the largest and smallest group to consolidate these accounts. The ultimate parent undertaking and controlling party for the period 1 January 2004 to 22 June 2004 was Reuters Group Plc.

The company has taken advantage of the exemption by Financial Reporting Standard 8 not to disclose related party transactions with other subsidiaries of Sofius Capital Limited, 90% or more owned.

The annual report of Sofius Capital Limited may be obtained from the Company Secretary, at 11 Upper Grosvenor Street, London, W1K 2NB.