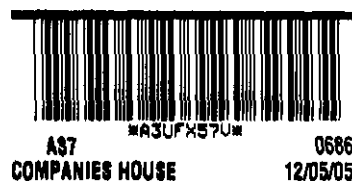


Company Registration No. 2512083 (England and Wales)

HARBOURVEST PARTNERS (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004



HARBOURVEST PARTNERS (UK) LIMITED

COMPANY INFORMATION

Directors	Edward W. Kane D. Brooks Zug
Secretary	Martha D. Vorlicek
Company number	2512083
Registered office	Berkeley Square House 8th Floor, Suite 7 Berkeley Square London W1J 6DB
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Bankers	National Westminster Bank plc P.O. Box 4ND 18A Curzon Street London W1A 4ND

HARBOURVEST PARTNERS (UK) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 13

HARBOURVEST PARTNERS (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and financial statements for the year ended 31 December 2004.

Principal activities and review of the business

The company has continued to be engaged by HarbourVest Partners, LLC, as its representative in the United Kingdom, Continental Europe and the Pacific Rim countries through a consulting agreement. Acting as a representative, the company performs various advisory and liaison functions for HarbourVest Partners, LLC. Prior to 28 January 1997, the company provided similar services to Hancock Venture Partners, Inc. and continues to provide these services under run-off arrangements.

Results and dividends

The results for the year are set out on page 4.

The profit for the year after taxation amounts to £298,350 (2003: profit of £254,552).

An interim ordinary dividend was paid amounting to £254,552 (2003: £199,374). The directors do not recommend the payment of a final dividend.

Directors

The following directors have held office since 1 January 2004:

Edward W. Kane
D. Brooks Zug

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2004	1 January 2004
Edward W. Kane	-	-
D. Brooks Zug	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Ernst & Young LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

HARBOURVEST PARTNERS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material 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 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



Martha D. Vorlicek

Secretary

27 APRIL 2005

HARBOURVEST PARTNERS (UK) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF HARBOURVEST PARTNERS (UK) LIMITED

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Balance Sheet, Statement of Cash Flows and the related notes 1 to 18. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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 the 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 United Kingdom law and accounting standards.

Our responsibility is to audit the accounts 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 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Chartered Accountants
Registered Auditor

29th April 2005

Ernst & Young LLP

1 More London Place
London
SE1 2AF

HARBOURVEST PARTNERS (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
Turnover	2	4,708,843	3,965,431
Administrative expenses		(4,285,636)	(3,607,413)
Operating profit	3	423,207	358,018
Other interest receivable and similar income		4,870	2,476
Profit on ordinary activities before taxation		428,077	360,494
Tax on profit on ordinary activities	4	(129,727)	(105,942)
Profit on ordinary activities after taxation		298,350	254,552
Dividends	5	(254,552)	(199,374)
Retained profit for the year	12	43,798	55,178

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


There are no recognised gains and losses other than those passing through the profit and loss account.

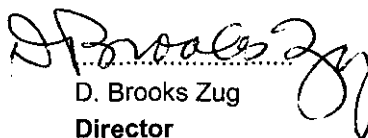
HARBOURVEST PARTNERS (UK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	6		222,458		249,413
Current assets					
Debtors	7	860,854		862,052	
Cash at bank and in hand		240,768		75,633	
		<u>1,101,622</u>		<u>937,685</u>	
Creditors: amounts falling due within one year	8	<u>(1,006,901)</u>		<u>(916,244)</u>	
Net current assets			<u>94,721</u>		<u>21,441</u>
Total assets less current liabilities			<u>317,179</u>		<u>270,854</u>
Provisions for liabilities and charges	9		<u>(13,829)</u>		<u>(11,302)</u>
			<u>303,350</u>		<u>259,552</u>
Capital and reserves					
Called up share capital	11		5,000		5,000
Profit and loss account	12		298,350		254,552
Shareholders' funds - equity interests	13		<u>303,350</u>		<u>259,552</u>

The financial statements were approved by the Board on 27th April 2005


Edward W. Kane
Director


D. Brooks Zug
Director

HARBOURVEST PARTNERS (UK) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	£	2004 £	£	2003 £
Net cash inflow from operating activities (A)		522,864		319,027
Returns on investments and servicing of finance				
Interest received	4,870		2,476	
Net cash inflow for returns on investments and servicing of finance		4,870		2,476
Taxation		(99,524)		(79,060)
Capital expenditure				
Payments to acquire tangible assets	(8,523)		(66,318)	
Net cash outflow for capital expenditure		(8,523)		(66,318)
Equity dividends paid		(254,552)		(199,374)
Net cash inflow/(outflow) before management of liquid resources and financing		165,135		(23,249)
Increase/(decrease) in cash in the year (B)		165,135		(23,249)

HARBOURVEST PARTNERS (UK) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

A		2004	2003
Reconciliation of operating profit to net cash inflow from operating activities			
		£	£
Operating profit		423,207	358,018
Depreciation of tangible assets		35,478	32,531
Decrease/(increase) in debtors		1,198	(230,719)
Increase in creditors within one year		62,981	159,197
Net cash inflow from operating activities		522,864	319,027

B	Analysis of net funds	1 January 2004	Cash flow	Other non-cash changes	31 December 2004
		£	£	£	£
Net cash:					
	Cash at bank and in hand	75,633	165,135	-	240,768
	Net funds	75,633	165,135	-	240,768

C	Reconciliation of net cash flow to movement in net funds	2004	2003
		£	£
	Increase/(decrease) in cash in the year	165,135	(23,249)
	Movement in net funds in the year	165,135	(23,249)
	Opening net funds	75,633	98,882
	Closing net funds	240,768	75,633

HARBOURVEST PARTNERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

1.1 Accounting convention

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

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less 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:

Land and buildings Leasehold	over the term of the lease
Plant and machinery	Computer software straight line over 3 years, Computer hardware straight line over 5 years
Fixtures, fittings & equipment	Fixtures and fittings straight line over 10 years, Office equipment straight line over 10 years, Artworks straight line over 10 years

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Pensions

The company contributes to an employee's personal pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the employee's contract of employment.

1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes in accordance with FRS 19. The deferred tax balance has not been discounted.

Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which a deferred tax asset can be offset.

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

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

HARBOURVEST PARTNERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

3	Operating profit	2004	2003
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	35,478	32,531
	Loss on foreign exchange transactions	-	207
	Operating lease rentals	317,932	325,635
	Auditors' remuneration	10,000	10,000
	Remuneration of auditors for non-audit work	(9,500)	16,600
	and after crediting:		
	Profit on foreign exchange transactions	(11)	-
4	Taxation	2004	2003
		£	£
	Domestic current year tax		
	U.K. corporation tax	127,200	99,524
	Current tax charge	127,200	99,524
	Deferred tax		
	Deferred tax charge/credit current year	2,527	6,418
		129,727	105,942
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	428,077	360,494
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	128,423	108,148
	Effects of:		
	Non deductible expenses	1,627	452
	Depreciation add back	10,643	9,759
	Capital allowances	(11,579)	(14,586)
	Other tax adjustments	(1,914)	(4,249)
		(1,223)	(8,624)
	Current tax charge	127,200	99,524
5	Dividends	2004	2003
		£	£
	Ordinary interim paid	254,552	199,374

HARBOURVEST PARTNERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

6 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 January 2004	136,369	91,198	131,093	358,660
Additions	-	6,462	2,061	8,523
Disposals	-	-	(2,467)	(2,467)
At 31 December 2004	136,369	97,660	130,687	364,716
Depreciation				
At 1 January 2004	19,592	53,612	36,043	109,247
On disposals	-	-	(2,467)	(2,467)
Charge for the year	9,413	14,531	11,534	35,478
At 31 December 2004	29,005	68,143	45,110	142,258
Net book value				
At 31 December 2004	107,364	29,517	85,577	222,458
At 31 December 2003	116,777	37,586	95,050	249,413

7 Debtors

	2004 £	2003 £
Amounts owed by parent and fellow subsidiary undertakings	696,607	706,688
Other debtors	48,743	38,332
Prepayments and accrued income	115,504	117,032
	860,854	862,052

8 Creditors: amounts falling due within one year

	2004 £	2003 £
Corporation tax	127,200	99,524
Other taxes and social security costs	90,927	66,908
Accruals and deferred income	788,774	749,812
	1,006,901	916,244

HARBOURVEST PARTNERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

9 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2004	11,302
Profit and loss account	2,527
	<hr/>
Balance at 31 December 2004	13,829
	<hr/>

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	13,829	11,302
	<hr/>	<hr/>

10 Pension costs

The company contributes to employees personal pension plans. The unpaid contributions outstanding at the year end are £9,511 (2003: £6,291) and have been including in accruals accordingly.

	2004 £	2003 £
Contributions payable by the company for the year	125,419	97,787
	<hr/>	<hr/>

11 Share capital

	2004 £	2003 £
Authorised		
20,000 Ordinary shares of £1 each	20,000	20,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
5,000 Ordinary shares of £1 each	5,000	5,000
	<hr/>	<hr/>

HARBOURVEST PARTNERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2004	254,552
Retained profit for the year	43,798
	<hr/>
Balance at 31 December 2004	298,350
	<hr/>

13 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	298,350	254,552
Dividends	(254,552)	(199,374)
	<hr/>	<hr/>
Net addition to shareholders' funds	43,798	55,178
Opening shareholders' funds	259,552	204,374
	<hr/>	<hr/>
Closing shareholders' funds	303,350	259,552
	<hr/>	<hr/>

14 Financial commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2004 £	2003 £
Expiry date:		
In over five years	316,988	316,988
	<hr/>	<hr/>

15 Directors' emoluments

The company did not pay the directors any emoluments during the year (2003: £nil).

HARBOURVEST PARTNERS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

16 Employees

Number of employees

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

2004 Number	2003 Number
16	12

Employment costs

	£	£
Wages and salaries	3,005,326	2,449,388
Social security costs	357,537	273,921
Other pension costs	125,419	97,787
	<u>3,488,282</u>	<u>2,821,096</u>

17 Control

The parent company of the largest and smallest group of which HarbourVest Partners (UK) Limited is a member and for which group accounts are prepared is HarbourVest Partners, LLC, in the USA. These group accounts may be obtained from 44th Floor, 1 Financial Center, Boston, Massachusetts, USA.

18 Related party transactions

The company has taken advantage of the exemption given by Financial Reporting Standard No. 8 ("FRS 8") to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.