August Equity Partners III GP Limited

(formerly Kleinwort Benson Equity Partners General Partner Limited)

Report and Financial Statements

for the year ended

31 December 2005

Company Registration No. 3291855

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Directors and advisers

Manager
August Equity Limited
(Authorised and regulated by the Financial Services Authority)
(Member of the British Venture Capital Association)
(Member of the European Venture Capital Association)
10 Bedford Street
London
WC2E 9HE

Directors
Mr R J Green
Mr A J Hartley
Mr T J Clarke

Company Secretary
BNP Paribas Secretarial Services Limited

Registered office
10 Bedford Street
London
WC2E 9HE

Registered Auditors
Deloitte & Touche LLP
London

Glossary

Abbreviation	Current name	Former name
AEL	August Equity Limited	Kleinwort Capital Limited
AEP III & B	Refers to AEP III and AEP III B together	-
AEP III	August Equity Partners III	Kleinwort Benson Equity Partners
AEP III B	August Equity Partners III B	Kleinwort Benson Equity Partners B
AEP III GP	August Equity Partners III GP Limited	Kleinwort Benson Equity Partners General Partner Limited
DRKW	*Dresdner Kleinwort Wasserstein Limited*	-
KCPL	Kleinwort Capital Partners Limited	-
AET	August Equity Trust plc	Kleinwort Capital Trust PLC

Directors' report

for the year ended 31 December 2005

The Directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities

AEP III GP is the general partner of AEP III and AEP III B - together "The Partnerships" - which are United Kingdom limited partnerships formed to make investments in unquoted companies. The Company's parent, AEL, is the manager of The Partnerships. Under the Management Agreement between these two companies, the Company pays an annual management fee to AEL.

The Company is also a Founder Partner in The Partnerships and has made a commitment to invest £86 to AEP III and £24 to AEP III B. The commitments to AEP III and AEP III B are by way of investment in the Founder Partner Capital Account of The Partnerships which entitle the Company to receive a share of the profits of The Partnerships. The economic right to these profits has been assigned to the members of the other Founder Partner of The Partnerships, KBDC ExecCo Limited. The Partnerships did not distribute any such profit during the year under review.

Change of names

On 13 March 2006 the Manager changed its name from Kleinwort Capital Limited to August Equity Limited. At the same time the general partner became known as August Equity Partners III GP Limited. The name of the Partnerships were changed on 17 March 2006 to August Equity Partners III and August Equity Partners III B.

Review of developments in The Partnerships

The Investment Manager, AEL, is now focussed on value creation in the remaining six portfolio companies and the subsequent realisation of those investments.

Results and dividends

Details of the results for the year are set out in the profit and loss account on page 7. No dividends have been paid during the year or are proposed (2004: £nil). The loss that has been transferred from reserves is £191,938 (2004: £78,985).

The main contributory factor for the loss in the period is the inclusion of a deferred tax provision which has been included in recognition of the fact that there are insufficient management expenses to offset against potential future profits. It is likely that the deferred tax will become payable in 2007. The provision has been calculated based on the confirmation from former group company, Dresdner Kleinwort Wasserstein Limited, that it has submitted revised tax returns. The effect is that group relief previously surrendered by AEP III GP is no longer utilised.

As at 31 December 2005, the Company's total liabilities exceed its total assets by £196,702. The directors confirm that they have a reasonable expectation that the Company will continue in operation for the foreseeable future and will be able to meet its projected cash requirements. This is based on their assessment of the state of affairs of AEP III and AEP III B. The immediate parent company, August Equity Limited, has confirmed its intention to provide the necessary financial support to the Company for a period of at least one year from the date of the approval of these financial statements to enable it to continue as a going concern. The parent company has issued a non legally binding Letter of Support to that effect. The directors have taken this into consideration and continue to adopt the going concern basis in preparing the financial statements.

Future prospects

The Company expects to remain as the General Partner of The Partnerships for at least the next twelve months.

Directors and Directors' interests in the shares of the Company

The Directors who held office throughout the year and their interests in the share capital of the Company as at 31 December 2005 and as at 31 December 2004 were as follows:

	Number of Ordinary Shares held	
	31 Dec 2005	**31 Dec 2004**
Mr R J Green	Nil	Nil
Mr A J Hartley	Nil	Nil
Mr T J Clarke	Nil	Nil

No further changes to these holdings have been notified as at the date of this report. None of the Directors had, during the year, directly or indirectly, a material beneficial interest in any contract to which the Company was a party and which are or were significant in relation to the Company's business. None of the Directors held shares in the parent company KCPL. The shares held by the Directors in AEL, the immediate parent company, are disclosed in the financial statements of AEL.

Financial risk management

The Company is exposed to financial risk though it's financial assets and liabilities. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the directors consider that there are sufficient procedures in place to mitigate these risks.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by Board of Directors and signed on behalf of the Board

Timothy Clarke

Mr T J Clarke
Director
31 January 2007

Statement of Directors' responsibilities

for the year ended 31 December 2005

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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.

Independent Auditors' report to the Members

for the year ended 31 December 2005

We have audited the financial statements of August Equity Partners III GP Limited (formerly Kleinwort Benson Equity Partners General Partner Limited) for the year ended 31 December 2005 which comprise the profit and loss account, balance sheet and the notes to the financial statements numbered 1 to 14. These financial statements have been prepared under 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework 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 the other information contained in the report and financial statements for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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 loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Emphasis of matter – Going concern

Without qualifying our opinion, we draw attention to the disclosures made in note 1 of the financial statements concerning the Company's ability to continue as a going concern. The Company incurred a net loss of £191,938 during the year ended 31 December 2005 and, as of that date, the Company's total liabilities exceed its total assets by £196,702. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern as it is not practicable to determine or quantify them.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
31 January 2007

Profit and loss account

for the year ended 31 December 2005

	Notes	31 Dec 2005 (£)	31 Dec 2004 (£)
Turnover	1	1,285,450	1,446,409
Administrative expenses	2	(1,284,533)	(1,359,799)
Operating profit		**917**	**86,610**
Interest receivable and similar income	3	1,101	845
Interest payable and similar charges		0	(8,470)
		1,101	**(7,625)**
Profit on ordinary activities before taxation		***2,018***	**78,985**
Tax charge on profit on ordinary activities	5	*(193,956)*	*0*
(Loss)/profit for the financial year		***(191,938)***	***78,985***

The notes on pages 9 to 13 form part of these financial statements.

Movements on reserves are shown in note 12.

All activities in the current and prior year derive from continuing operations.

There are no recognised gains or losses in the current or prior year other than the profit on ordinary activities disclosed above. Accordingly, no statement of total recognised gains and losses is given.

There is no difference between the results for the year stated above and historical cost equivalents.

Balance sheet

as at 31 December 2005

	Notes	31 Dec 2005 (£)	31 Dec 2005 (£)	31 Dec 2004 (£)
Fixed assets				
Investments	6		110	110
Current assets				
Debtors	7	2,987,530		4,008,007
Cash at bank	8	392,348		10,237
		3,379,878		4,018,244
Creditors				
Amounts falling due within one year	9	(3,382,734)		(4,023,118)
		(3,382,734)		(4,023,118)
Net current liabilities			(2,856)	(4,874)
Total assets less current liabilities			**(2,746)**	**(4,764)**
Provisions for liabilities and charges	10		(193,956)	0
Net liabilities			**(196,702)**	**(4,764)**
Capital and reserves				
Called up share capital	11		100	100
Profit and loss account	12		(196,802)	(4,864)
Equity shareholders' deficit			**(196,702)**	**(4,764)**

The notes on pages 9 to 13 form part of these financial statements.

These financial statements were approved by the Board of Directors on 31 January 2007.

Signed on behalf of the Board of Directors by Mr T J Clarke.

Timothy Clarke

Notes to the financial statements

for the year ended 31 December 2005

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of preparation

These financial statements have been prepared in accordance with the historical cost convention. The company incurred a net loss of £191,938 during the year ended 31 December 2005 and, as of that date, the company's total liabilities exceed its total assets by £196,702. The directors confirm that they have a reasonable expectation that the company will continue in operation for the foreseeable future and meet its projected cash requirements. The immediate parent company, August Equity Limited, has confirmed its intention to provide the necessary financial support to the company for a period of at least one year from the date of the approval of these financial statements to enable it to continue as a going concern and has issued a non legally binding Letter of Support to that effect. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover comprises an advance share of the net income of The Partnerships which is due to the Company in its capacity as General Partner of The Partnerships.

Fixed asset investment

Investments in The Partnerships are shown as fixed asset investments and are stated at cost less provision for impairment.

Taxation

United Kingdom corporation tax is provided at amounts expected to be paid (or recovered) using the tax rate and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that 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. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. 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.

Cash flow statement

The company has not prepared a cash flow statement as it has taken advantage of the exemption available in Financial Reporting Standard No 1 (Revised 1996): Cash Flow Statements. The company was as at 31 December 2005, a wholly-owned subsidiary of its ultimate parent undertaking KCPL, a company incorporated in the United Kingdom, which prepares consolidated financial statements including a cash flow statement incorporating the results of the company. The financial statements of KCPL are available to the public.

2. Administrative expenses

	31 Dec 2005 (£)	31 Dec 2004 (£)
Management fee payable to AEL	(1,289,503)	(1,446,409)
Write up of amounts owed to DRKW	0	91,625
Taxation services	2,500	(2,500)
Audit fees	2,500	(2,500)
Companies House filing fee	(30)	(15)
	(1,284,533)	**(1,359,799)**

From 1 January 2005, audit fees and taxation services costs are borne by AEL. The audit fee for the year ended 31 December 2005 was £3,500. The analysis above for 2005 includes the accrual reversals of audit and taxation fees.

3. Interest receivable and similar income

	31 Dec 2005 (£)	31 Dec 2004 (£)
Bank interest	1,101	845
	1,101	**845**

4. Interest payable and similar charges

	31 Dec 2005 (£)	31 Dec 2004 (£)
Interest payable to DRKW	0	(8,470)
	0	**(8,470)**

5. Tax charge on profit on ordinary activities

	31 Dec 2005 (£)	31 Dec 2004 (£)
Analysis of tax charge on ordinary activities		
United Kingdom corporation tax at 30% (31 Dec 2004 - 30%)	0	0
Tax charge for current year (see also below)	*0*	*0*
Deferred tax	(193,956)	0
Total tax charge for the year	**(193,956)**	**0**

The unprovided deferred tax liability for 2004 was £300,204 which was in respect of turnover not yet taxed net of tax losses carried forward.

Factors affecting tax charge for current year

The tax charge for the current year is different than that resulting from applying the UK standard rate of tax of 30% (2004 - 30%). The differences are explained below.

	31 Dec 2005 (£)	31 Dec 2004 (£)
Profit on ordinary activities before taxation	2,018	78,985
Tax thereon at 30% (2004 - 30%)	(605)	(23,696)
Expenses not deductible for tax purposes	0	27,488
Turnover not currently taxable	276,260	350,425
Tax loss for the year not utilised	(275,655)	(354,217)
Tax charge for the current year	0	0

6. Fixed asset investment

The Company is a Founder Partner in The Partnerships and invested in the Founder Partner Capital Account of The Partnerships which entitle the Company to receive a share of the profits of The Partnerships. The economic right to these profits has been assigned to the members of the other Founder Partner of The Partnerships, KBDC ExecCo Limited.

	Founder Partner Capital Accounts		
	AEP III (£)	**AEP III B (£)**	**Total (£)**
Committed	**86**	**24**	**110**

Movements in fixed asset investment in The Partnerships

	AEP III (£)	**AEP III B (£)**	**Total (£)**
Cost at 1 January 2005	86	24	110
Movements in year	0	0	0
Cost at 31 December 2005	**86**	**24**	**110**
Net book value at 1 January 2005	86	24	110
Movements in year	0	0	0
Net book value at 31 December 2005	**86**	**24**	**110**

7. Debtors

	31 Dec 2005 (£)	**31 Dec 2004 (£)**
Advance share of net income receivable from The Partnerships	2,986,996	4,008,007
Income tax recoverable	534	0
	2,987,530	**4,008,007**

8. Cash at bank

	31 Dec 2005 (£)	**31 Dec 2004 (£)**
Cash at bank at start of year	10,237	501,106
Increase/(decrease) in year	382,111	(490,869)
Cash at bank at end of year	**392,348**	**10,237**

9. Creditors - amounts falling due within one year

	31 Dec 2005 (£)	31 Dec 2004 (£)
Management fees payable to AEL	(335,025)	(374,575)
Interest free loan from The Partnerships	(3,047,599)	(3,643,433)
Professional fees payable	0	(5,000)
Due to The Partnerships	(110)	(110)
Balance at 31 December 2005	**(3,382,734)**	**(4,023,118)**

10. Provisions for liabilities and charges

	31 Dec 2005 (£)	31 Dec 2004 (£)
Movement on deferred taxation balance		
Opening balance	0	0
Charge to the profit and loss account	(193,956)	0
Closing balance	**(193,956)**	**0**

Analysis of deferred taxation balance		
Turnover not currently taxable	(1,147,283)	0
Excess management expenses	953,327	0
Provision for deferred taxation	**(193,956)**	**0**

11. Called up share capital

	31 Dec 2005 (£)	31 Dec 2004 (£)
Authorised: 1,000 Ordinary Shares of £1	**1,000**	**1,000**
Allotted, issued, called up and fully paid: 100 Ordinary Shares of £1	**100**	**100**

12. *Profit and loss account*

	31 Dec 2005 (£)	31 Dec 2004 (£)
At start of year	(4,864)	(83,849)
Retained profit for the year	(191,938)	78,985
At end of year	**(196,802)**	**(4,864)**

13. Ultimate parent company and controlling party

At the balance sheet date the ultimate parent company was KCPL which is both the smallest and largest group preparing consolidated accounts. That group includes this Company's results and the results of AEL. Each of AET and DRKW owned 50 % of the equity of KCPL at the year end. On 10 January 2006 AET acquired the shares and loan notes issued by KCPL and held by DRKW at the year end. KCPL also transferred its holding of 5% Loan Stock 2006 to AET on 10 January 2006. On 23 August 2006 the executives of AEL acquired the shares in that company held by AET and AEL repaid the loan stock at that date. Copies of the financial statements of both KCPL and AEL for the year ended 31 December 2005 will be filed in due course at the Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

14. Related party disclosures

The ultimate parent company and controlling party and the year end was KCPL. The Company has taken advantage of the exemption in Financial Reporting Standard No. 8 ("FRS 8") from the requirement to disclose intra group transactions that are defined as related party transactions under FRS 8.