Registered number: 4493500

SVG Investment Managers Limited

Annual Report and Financial Statements

For the year ended 31st December 2005

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SVG Investment Managers Limited
Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2005.

Principal activity
SVG Investment Managers Limited (SVGIM) is an investment management company and acts as a General Partner of a UK Limited Partnership.

Results and dividends
During the year the Company made a profit after taxation of £30,232 (2004: profit £94,179).

The Directors do not recommend a dividend payment (2004: £nil).

Creditor Payment Policy
The Company's normal practice is to agree the terms of payment with suppliers at the time of contract and to make payment within the agreed credit term subject to satisfactory performance.

Directors and directors' interests
The Directors of the Company and their beneficial, non-beneficial and family interests in the share capital of SVG Capital plc (SVG), the company's immediate parent, during the year to 31 December 2005 are given below:

Ordinary shares	**31 December 2005**	31 December 2004
Nicholas Ferguson	490,241	390,241
Gerard Lloyd	23,932	21,834
Chris Morris	5,382	5,382
Andrew Williams	13,091	13,091
Guy Eastman	8,000	8,000

Options held by Directors over ordinary shares of SVG Capital plc

Director	At 31 December 2004	Options granted	Options exercised during the year	Options lapsed	At 31 December 2005	Exercise price	Exercise dates Earliest	Latest
Nicholas Ferguson	715,446	-	-	-	715,446	410.0	21 June 2004	20 June 2011
	357,724	-	-	-	357,724	410.0	21 June 2005	20 June 2011
	404,484	-	-	-	404,484	334.5	5 April 2005	4 April 2012
	349,840	-	-	-	349,840	392.8	13 March 2006	12 March 2013
	363,256	-	-	-	363,256	479.0	12 March 2007	11 March 2014
	-	250,704	-	-	250,704	564.0	23 March 2008	22 March 2015
Andrew Williams	373,983	-	-	-	373,983	410.0	21 June 2004	20 June 2011
	186,992	-	-	-	186,992	410.0	21 June 2005	20 June 2011
	272,645	-	-	-	272,645	334.5	5 April 2005	4 April 2012
	239,847	-	-	-	239,847	392.8	13 March 2006	12 March 2013
	248,851	-	-	-	248,851	479.0	12 March 2007	11 March 2014
	-	242,957	-	-	242,957	564.0	23 March 2008	22 March 2015
Guy Eastman	101,845	-	-	-	101,845	392.8	13 March 2006	12 March 2013
	52,192	-	-	-	52,192	479.0	12 March 2007	11 March 2014
	-	45,774	-	-	45,774	564.0	23 March 2008	22 March 2015
Gerard Lloyd	162,601	-	-	-	162,601	410.0	21 June 2004	20 June 2011
	81,301	-	-	-	81,301	410.0	21 June 2005	20 June 2011
	138,116	-	-	-	138,116	334.5	5 April 2005	4 April 2012
	80,967	-	-	-	80,967	392.8	13 March 2006	12 March 2013
	116,283	-	-	-	116,283	479.0	12 March 2007	11 March 2014
	-	89,084	-	-	89,084	564.0	23 March 2008	22 March 2015
Chris Morris	162,601	-	-	-	162,601	410.0	21 June 2004	20 June 2011
	81,301	-	-	-	81,301	410.0	21 June 2005	20 June 2011
	102,840	-	-	-	102,840	334.5	5 April 2005	4 April 2012
	74,347	-	-	-	74,347	392.8	13 March 2006	12 March 2013
	85,281	-	-	-	85,281	479.0	12 March 2007	11 March 2014
	-	75,404	-	-	75,404	564.0	23 March 2008	22 March 2015
	4,752,743	703,923	-	-	5,456,666			

The mid-market price of shares at 31 December 2005 was 716.5p and the range during the year was 554.0p to 720.5p.

No Director has any material interest in any other contract that is significant to the Company's business.

Directors' and officers' liability insurance
During the year the Company had maintained cover for its Directors and Officers, under a directors' and officers' liability insurance policy as permitted by Section 309A(5) of the Companies Act 1985 (as amended).

Financial Instruments and risk profile
The Company's financial instruments are discussed in note 1. The main financial risk faced by the Company and the management of this risk is set out in note 13.

Auditors
Ernst & Young LLP have expressed their willingness to remain in office and resolutions to reappoint them and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

G W Lloyd

By order of the Board

LONDON, 27 April, 2006 Secretary

SVG Investment Managers Limited
Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reports Standards as adopted by the European Union.

The directors are required to prepare financial statements for each financial year which present fairly the financial position of the company and the financial performance and the cash flows 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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation. 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 believe that they have complied with these responsibilities.

Independent auditors' report
to the members of SVG Investment Managers Limited

We have audited the Company's financial statements for the year ended 31 December 2005 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Change in Equity and the related notes 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 directors and auditors
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union as 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 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 and have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you if, in our opinion, the Report of the Directors 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 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 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 IFRSs as adopted by the European Union of the state of the Company's affairs as at 31 December 2005 and of the Company's loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London
24 April 2006

Income statement

	Notes	For the year ended 31 December 2005 £	For the year ended 31 December 2004 £
Operating income			
Fee income	3	**726,318**	485,853
Other operating income	3	**18,497**	8,326
Total revenue		**744,815**	494,179
Operating expenses			
Administrative expenses	4	**(707,491)**	(400,000)
Total expenses		**(707,491)**	(400,000)
Operating profit		**37,324**	94,179
Profit before tax		**37,324**	94,179
Tax	5	**(7,092)**	-
Profit for the year		**30,232**	94,179

The columns of the above statement represent the income statement of the Company, respectively, prepared in accordance with IFRS. All items in the above statement derive from continuing operations.

There are no differences between the loss on ordinary activities before tax and the loss retained by the Company for the financial year stated above.

The Company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 9 to 11 form an integral part of these accounts.

Statement of changes in equity

	Share capital £	Profit and loss reserve £	Total £
For the year ended 31 December 2005			
Issue of share capital	**150,000**		**150,000**
Profit for the year	**-**	**30,232**	**30,232**
Changes in equity for the year ended 31 December 2005	**150,000**	**30,232**	**180,232**
Balance at 31 December 2004	**100,000**	**94,387**	**194,387**
Balance at 31 December 2005	**250,000**	**124,619**	**374,619**
For the year ended 31 December 2004			
Profit for the year	-	94,179	94,179
Changes in equity for the year ended 31 December 2004	-	94,179	94,179
Balance at 31 December 2003	100,000	208	100,208
Balance at 31 December 2004	100,000	94,387	194,387

The notes on pages 9 to 11 form an integral part of these accounts.

Balance sheet

	Notes	As at 31 December 2005 £	As at 31 December 2004 £
Non-current assets			
Investments	6	**100**	100
		100	100
Current assets			
Other receivables	7	**219,680**	364,753
Cash and cash equivalents	7	**361,998**	235,584
		581,678	600,337
Total assets		**581,778**	600,437
Current liabilities			
Other payables	8	**(200,067)**	(406,050)
Tax payables	8	**(7,092)**	-
		(207,159)	(406,050)
Total assets less current liabilities		**374,619**	194,387
Net assets		**374,619**	194,387
Equity			
Called up share capital	9	**250,000**	100,000
Profit and loss reserve	10	**124,619**	94,387
Total equity		**374,619**	194,387

The notes on pages 9 to 11 form an integral part of these accounts.

The Company's financial statements were authorised for issue by the Board of Directors on 27 April 2006 and the balance sheets were signed on behalf of the Board by:

Chris Morris

Cash flow statement

	Notes	**For the year ended 31 December 2005 £**	For the year ended 31 December 2004 £
Other operating income		18,497	8,326
Fee income		897,293	123,761
Administrative expenses		(939,376)	-
Net cash (used in)/from operating activities	11	**(23,586)**	132,087
Investing activities			
General Partner calls paid		-	(100)
Net cash (used in) investing activities		-	(100)
Financing			
Issue of ordinary share capital		**150,000**	-
Net cash from financing activities		**150,000**	-
Net increase in cash and cash equivalents		**126,414**	131,987
Cash and cash equivalents at beginning of period		**235,584**	103,597
Cash and cash equivalents at end of period		**361,998**	235,584

The notes on pages 9 to 11 form an integral part of these accounts.

Notes to the accounts

1 Accounting policies

Basis of accounting

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRSs are given in note 2.

IFRSs as adopted by the EU differ in certain respects from IFRSs as issued by the International Accounting Standards Board ("IASB"). . References to "IFRSs" hereafter should be construed as references to IFRSs as adopted by the EU.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments and are presented in sterling, the Company's functional currency. The principal accounting policies adopted are set out below.

Financial instruments

Financial assets and financial liabilities are made up of accounts receivable, accounts payable and cash and cash equivalents. The Directors consider the fair values of accounts receivables and accounts payable approximate their carrying value. The Directors do not believe that the Company is exposed to significant credit risk, liquidity risk, currency risk or interest risk and have not taken any specific actions to mitigate these financial risks. There are no other financial instruments.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income is classified within operating activities in the cash flow statement.

Foreign currencies

The functional currency of the Company is pounds sterling. Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the period.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes. Assets are classified as cash equivalents if they are readily convertible to cash and are not subject to significant changes in value.

2 IFRS restatement

Basis of preparation

The restatement has been prepared on the basis of all IFRS's currently issued by the International Accounting Standards Board effective for 2005 reporting and adopted by the European Union. The Company has prepared its restatements based on a transition date to IFRS of 1 January 2004. The Company has not relied on any exemptions detailed in IFRS 1.

Major differences between UK GAAP and IFRS

a) There are other reclassifications in accordance with IAS 1 – 'Presentation of Financial Statements'.

There are no adjustments from profit under UK GAAP to profit under IFRS

There are no adjustments from equity under UK GAAP to equity under IFRS as at 1 January 2004 and 31 December 2004 and there are no cash flow adjustments as the Company has not previously presented a cash flow statement under UK GAAP.

3 Revenue

	For the year ended 31 December 2005 £	For the year ended 31 December 2004 £
Income from investment management services	**615,037**	346,304
Priority profit share income	**111,281**	139,549
Interest receivable and other income	**18,497**	8,326
	744,815	494,179

4 Administrative Expenses

	For the year ended 31 December 2005 £	For the year ended 31 December 2004 £
Fees payable to SVG Advisers Limited	**700,000**	400,000
General expenses	**7,491**	-
	707,491	400,000

The Company has no employees (2004: nil). SVG Advisers Limited settles all audit related costs attributable to the Company. For the year ended 31 December 2005, the audit fee amounted to £3,500 (2004: £2,000).

5 Tax

Analysis of charge in year

Major components of the income tax expense for the years ended 31 December 2005 and 31 December 2004:

	For the year ended 31 December 2005 £	For the year ended 31 December 2004 £
Current tax charge / (credit)		
Corporation tax charge – UK corporation tax	**7,092**	-
Total tax charge / (credit)	**7,092**	-

The corporation tax charge for the year to 31 December 2004 was reduced by £28,254 because of losses surrendered by a fellow subsidiary undertaking. No payment for this surrender was made by the Company.

The tax assessed for the period is lower (2004: lower) than the standard rate of corporation tax in the UK for a large company (30%). The differences are explained below:

	For the year ended 31 December 2005 £	For the year ended 31 December 2004 £
Profit before tax	**37,324**	94,179
Tax calculated at a rate of 19% (2004: 30%)	**7,092**	28,254
Group relief claimed for nil payment	**-**	(28,254)
Current tax charge / (credit)	**7,092**	-

In 2004 the SVG group did not make a taxable profit. The Company made a taxable profit which was offset by claiming group relief. The group policy is to pay for group relief losses claimed at the full rate of corporation tax of 30%. In 2005 there were insufficient group losses to offset the taxable profits of the Company and tax was payable to Her Majesty's Revenue and Customs at the small companies rate of 19%.

6 Investments

	31 December 2005 £	31 December 2004 £
General Partner funds committed and called	**100**	100
	100	100

7 Current assets

Other receivables	31 December 2005 £	31 December 2004 £
Amounts falling due within one year:		
Prepayments and other debtors	**25,902**	-
Accrued investment management fee income	**183,282**	330,789
Accrued priority profit share income	**10,496**	33,964
	219,680	364,753

Cash and cash equivalents	31 December 2005 £	31 December 2004 £
Cash at bank	**361,998**	235,584
	361,998	235,584

Cash at bank earns interest at floating rates.

8 Current liabilities

Other payables	31 December 2005 £	31 December 2004 £
Amounts owed to group undertakings	**200,000**	406,000
Other creditors and accruals	**67**	50
	200,067	406,050

Tax Payable	For the year ended 31 December 2005 £	For the year ended 31 December 2004 £
Balance brought forward	**-**	-
Corporation tax charged to income statement	**7,092**	-
Balance carried forward	**7,092**	-

9 Share capital

	31 December 2005 £	31 December 2004 £
Authorised:		
2,500,000 shares of £1.00 each	**2,500,000**	2,500,000
Allotted, called up and fully paid share capital of £1:		
Opening balance	**100,000**	100,000
Issue of ordinary shares	**150,000**	-
Closing balance	**250,000**	100,000

Issue of shares
On 4 May 2005, the Company issued 150,000 ordinary shares.

Share capital included the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 ordinary shares.

10 Profit and loss reserve

	31 December 2005 £	31 December 2004 £
Balance brought forward	**94,387**	208
Profit for the year	**30,232**	94,179
Balance carried forward	**124,619**	94,387

The profit and loss reserve represents the Company's cumulative profits available for distribution.

11 Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Profit from operations	**37,324**	94,179
Adjustments	**-**	-
Operating cash flows before movements in working capital	**37,324**	94,179
Decrease / (increase) in receivables	**145,073**	(362,142)
(Decrease) / increase in payables	**(205,983)**	400,050
Cash generated by operations	**(23,586)**	132,087
Taxes (paid)/recovered	**-**	-
Net cash (used in)/from operating activities	**(23,856)**	132,087

12 Related party transactions
The only key management personnel of the Company are the Directors. The Directors are remunerated by SVG Advisers Limited.

The Company paid fees of £700,000 to SVG Advisers Limited during the year (2004: £400,000) for administrative services. The balance outstanding at year end was £200,000 (2004: £406,000).

SVG Advisers Limited settles all audit related costs attributable to the Company. For the year ended 31 December 2005, the audit fee amounted to £3,500 (2004: £2,000).

13 Risk profile
The main risk faced by the company is the potential loss of investment management fee contracts. In certain circumstances, investors may be able to terminate these contracts. This could arise because of poor investment advice, significant errors, negligence, fraud or other matters. These risks are mitigated by implementing a rigorous investment process for approving investment decisions. The potential for significant errors is also reduced by using well established third party administrators to deal with the day-to-day operations of the funds.

14 Ultimate parent undertaking
The Company's ultimate parent undertaking and controlling party is SVG Capital plc, which is registered in England. Copies of SVG Capital plc's consolidated statements will be available on publication from its Company Secretary at Schroder Investment Management Limited 31 Gresham Street, London EC2V 7QA.