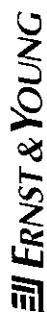


Conduit Ventures (General Partner) Limited

Report and Financial Statements

For the period 30 October 2002 to 31 December 2003

 **ERNST & YOUNG**



Conduit Ventures (General Partner) Ltd

Registered No: 04577544

Directors

J Butt
H E Fitzgibbons

Secretary

M Goodlad

Auditors

Ernst & Young
1 More London Place
London SE1 2AF

Bankers

The Royal Bank of Scotland Plc
62-63 Threadneedle Street
PO Box
London EC2R 8LA

Registered Office

20-21 Tooks Court
Cursitor Street
London EC4A 1LB

Directors' report

The directors present their report with the financial statements of the company for the period 30 October 2002 to 31 December 2003.

Incorporation

The company was incorporated on 30 October 2002 and commenced operations on 6 December 2002.

Principal Activity

The principal activity of the company in the period under review was that of General Partner to the Conduit Ventures Fund Limited Partnership.

Directors

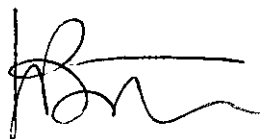
The directors and their interests in the share capital of the company's parent undertaking, Conduit Ventures Limited during period under review were as follows:

	<i>As at 30 October 2002 Ordinary Shares</i>	<i>As at 31 December 2003 Ordinary Shares</i>
J Butt (appointed 30 October 2002)	500	500
H E Fitzgibbons (appointed 30 October 2002)	500	500

Auditors

The auditors, Ernst & Young LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

On behalf of the board:



J Butt - Director

28 October 2004

Statement of directors' responsibilities in respect of 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 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; 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 of Conduit Ventures (General Partner) Ltd

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash flow statement and the related notes 1 to 10. 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 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 financial statements 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.

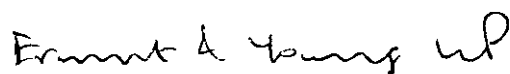
Basis of audit opinion

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 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 affairs of the company as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London
28 October 2004

Profit and loss account

For the period 30 October 2002 to 31 December 2003

	Notes	£
Turnover		523,150
Administrative expenses		533,165
Operating loss on ordinary activities before taxation	2	(15)
Amount written off investment		(1,725)
Foreign exchange loss		(1)
Loss for the financial period before taxation		(1,741)
Tax on loss on ordinary activities	3	—
Loss for the financial period after taxation		(1,741)
Loss for the period		(1,741)

Statement of total recognised gains and losses

There are no gains or losses other than the loss for the period.

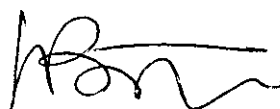
Balance sheet

at 31 December 2003

	Notes	£
Fixed assets		
Investments	4	3,557
Current assets		
Debtors	5	85,981
Cash at bank		14
		<u>85,995</u>
Creditors: amounts falling due within one year	6	(91,292)
Net current liabilities		<u>(5,297)</u>
Total assets less current liabilities		<u>(1,740)</u>
Capital and reserves		
Called up share capital	7	1
Profit and loss account	8	(1,741)
Shareholders' funds		<u>(1,740)</u>

The financial statements on pages 5 to 8 were approved by the Directors on 28 October 2004.

On behalf of the board:



J Butt - Director

Cash flow statement

For the period 30 October 2002 to 31 December 2003

	£
<i>Operating loss</i>	(15)
Increase in debtors	(85,981)
Increase in creditors	86,010
<i>Net cash inflow from operating activities</i>	<u>14</u>

Analysis of changes in net funds

Net funds as at 30 October 2002	—
Increase in cash	14
Net funds as at 31 December 2003	<u>14</u>

Notes to the financial statements

at 31 December 2003

1. Accounting policies

Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards. The going concern basis assumes that the company will continue in existence for the foreseeable future and be able to meet its liabilities as they fall due.

Whilst the company had net liabilities as at 31 December 2003, the shareholders have undertaken to continue to provide financial support to the group for the foreseeable future. Therefore, the accounts have been prepared on the going concern basis.

Financial Reporting Standard 2 requires the exclusion of a subsidiary from consolidation if severe long term restrictions substantially hinder the exercise of the parent undertaking's rights over the subsidiary undertaking's assets or management. The directors believe that such restrictions exist over their rights over Conduit Ventures Fund Limited Partnership and accordingly the accounts of that entity have not been consolidated.

Turnover

Turnover represents the General Partner's Share receivable by the company under the Conduit Ventures Fund Limited Partnership deed.

Investments

Investments are included at the Company's share of the net asset value of the Partnership in which it invests.

Deferred tax

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. FRS19 "Deferred Tax" has been adopted in these financial statements and a provision is made on all timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that it is more likely than not that there will be taxable profits against which the asset can be offset.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

2. Operating loss

No amounts are payable for directors' services to the company in the period.

Auditor's remuneration was paid by the company's parent undertaking, Conduit Ventures Limited.

Notes to the financial statements

at 31 December 2003

3. Investments

Investments comprise the company's interest in Conduit Ventures Fund Limited Partnership.

	£
Investments as at 30 October 2002	—
Additions at cost	5,282
Amounts written off investment	(1,725)
	<u>3,557</u>

The company has contributed 0.2% of the Partnership's Capital and is entitled to an equivalent share of its profits and losses.

4. Taxation

No liability to UK corporation tax arises on the result for the period.

5. Debtors: amounts falling due within one year

	£
Amounts due from Conduit Ventures Limited	85,980
Unpaid Share Capital	1
	<u>85,981</u>

6. Creditors: amounts falling due within one year

	£
Trade creditors	30
Amounts due to Conduit Ventures Fund LP	91,262
	<u>91,292</u>

7. Called up share capital

Authorised:

	£
Ordinary Shares op £1 each	100

Allotted, issued and unpaid:

	£
Ordinary Shares op £1 each	1

1 Ordinary share of £1 was allotted at par during the period.

Notes to the financial statements

at 31 December 2003

8. Reserves

	<i>Profit and loss account £</i>
Deficit for the period	(1,741)
At 31 December 2003	<u>(1,741)</u>

9. Related party transactions

The company is General Partner to the Conduit Ventures Fund Limited Partnership. The company received a General Partner's share for these services of £523,150. As at 31 December 2003, the company had also received £85,980 General Partner's Share in advance, relating to the first quarter of 2003 and owed the Partnership an additional £5,282 in relation to capital contribution.

During the period, the company paid its parent undertaking £523,150 of management fees in relation to its services as investment manager to Conduit Ventures Fund Limited Partnership. As at 31 December 2003, the company had pre-paid £85,980 of management fees to Conduit Ventures Limited relating to its services for the first quarter of 2004.

10. Parent Undertaking

The company's immediate and ultimate parent undertaking is Conduit Ventures Limited.

Detailed profit and loss account

For the period 30 October 2002 to 31 December 2003

	£	£
Turnover		
General Partner's Share		523,150
Expenditure		
Management fees payable	523,150	
Bank charges	15	
	<hr/>	523,165
		<hr/>
		(15)
Amounts written off investment		(1,725)
Finance costs		
Difference on exchange		(1)
		<hr/>
Net loss		(1,741)
		<hr/>