Registration number 3880081

BRIDGEPOINT CAPITAL GROUP LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2006

Report of the directors

The directors present their annual report together with the audited consolidated financial statements of the Company and Group for the year ended 31 December 2006

Principal activity and review of business

The principal activity of the Company is that of an investment holding company The directors expect the level of activity to continue in the forthcoming year The directors are satisfied with the results for the year and anticipate activities to continue at similar levels The Group operations expose it to certain financial risks The Group has in place appropriate controls and procedures that seek to limit any adverse effects on the financial performance of the Group

Results and dividends

The results for the year and dividends are shown on page 4

Directors

The directors who held office during the financial period were as follows

A R Gibbons (appointed 14 April 2006)
J R Hughes
W N Jackson
D R Shaw

Directors' interests

The interests, all beneficial, of those who were directors at 31 December 2006 in the Ordinary Shares of Bridgepoint Capital Group Limited were

	Original ordinary shares shares of 1p each		Series II ordinary shares shares of 1p each	
	As at 1 January 2006*	As at 31 December 2006	As at 1 January 2006*	As at 31 December 2006
A R Gibbons	150,000	150,000	-	-
J R Hughes	49,500	49,500	15,500	15,500
W N Jackson	150,000	150,000	-	-
D R Shaw	150,000	150,000	-	-

The Directors, as subscribers to, or having an interest in subscribers to, the general partners of the Funds and Partnerships managed by the Group, have an indirect interest in the management agreements between the Group and those Funds and Partnerships

* or date of appointment if later

Charitable donations

During the year the group made charitable donations of £22,000 (2005 - £48,000)

Report of the directors (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period

In preparing these 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information As far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware

Auditor

During the year KPMG Audit Plc resigned and PricewaterhouseCoopers LLP were appointed as auditor

By Order of the Board

B Lawson
Secretary

24 April 2007

Independent auditors' report

TO THE MEMBERS OF BRIDGEPOINT CAPITAL GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Bridgepoint Capital Group Limited for the year ended 31 December 2006 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland) 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 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 group's and 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 United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors, London

24 April 2007

Consolidated profit and loss account

For the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Fees and commissions receivable		49,580	42,748
Fees and commissions payable		(6,302)	(1,427)
Gross profit		43,278	41,321
Administrative expenses		(31,759)	(31,048)
Other income		-	19
Operating profit	2	11,519	10,292
Profit on disposal of investments		787	-
Dividends received		1,204	-
Interest receivable		1,402	975
Profit on ordinary activities before taxation		14,912	11,267
Tax on profit on ordinary activities	5	(3,436)	1,689
Profit on ordinary activities after taxation		11,476	12,956
Dividends paid		(10,053)	(19,507)
Retained profit/ (loss) for the financial year	13	1,423	(6,551)

The results above relate to continuing operations

Statement of total recognised gains and losses

For the year ended 31 December 2006

	2006 £'000	2005 £'000
Profit for the financial year	11,476	12,956
Foreign currency translation	(53)	(54)
Total gains and losses recognised since the last annual report	11,423	12,902

The notes on pages 8 to 18 form part of these financial statements

Consolidated balance sheet

31 December 2006

	Notes	2006 £'000	2005 £'000
Fixed assets			
Intangible assets - goodwill	6	2,816	3,032
Tangible assets	7	1,739	511
Investments	8	13,218	16,235
		17,773	19,778
Current assets			
Debtors - due within one year	9	9,064	14,788
Cash at bank and in hand		26,263	21,067
		35,327	35,855
Creditors Amounts falling due within one year	10	(38,225)	(36,489)
Net current liabilities		(2,898)	(634)
Total assets less current liabilities		14,875	19,144
Provisions for liabilities and charges	11	(3,668)	(834)
Net assets		11,207	18,310
Capital and reserves			
Called-up share capital	12	25	37
Capital redemption reserve	13	12	-
Own shares held by ESOT	13	(4,976)	(1,485)
Other reserves	13	734	787
Profit and loss account	13	15,412	18,971
Equity Shareholders' Funds	13	11,207	18,310

The financial statements on pages 4 to 18 were approved by the Board of Directors and signed on its behalf by

W N Jackson
Director

24 April 2007

The notes on pages 8 to 18 form part of these financial statements

Balance Sheet
31 December 2006

	Notes	2006 £'000	2005 £'000
Fixed assets			
Investments	8	20,419	23,436
Current assets			
Debtors - due within one year	9	569	411
Cash at bank and in hand		1,243	2,357
		1,812	2,768
Creditors: Amounts falling due within one year	10	(24,791)	(26,817)
Net current liabilities		(22,979)	(24,049)
Total assets less current liabilities		(2,560)	(613)
Net liabilities		(2,560)	(613)
Capital and reserves			
Called-up share capital	12	25	37
Capital redemption reserve	13	12	-
Own shares held by ESOT	13	(4,976)	(1,485)
Profit and loss account	13	2,379	835
Equity Shareholders' Funds	13	(2,560)	(613)

The financial statements on pages 4 to 18 were approved by the Board of Directors and signed on its behalf by

W N Jackson
Director

24 April 2007

The notes on pages 8 to 18 form part of these financial statements

Consolidated cash flow statement

For the year ended 31 December 2006

	Notes	2006		2005	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	14a		20,454		12,858
Returns on investments and servicing of finance					
Dividends received		1,204		-	
Interest received		1,402		975	
Net cash inflow from returns on investments and servicing of finance			2,606		975
Taxation					
UK Corporation tax paid		(765)		(128)	
Overseas tax paid		(756)		(164)	
Net cash outflow from taxation			(1,521)		(292)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(1,621)		(297)	
Disposal of other investments		787		-	
Purchase of own shares		(8,473)		7,756	
Fixed asset investments acquired		(4,264)		(14,073)	
Fixed asset investments disposed		7,281		15,394	
Net cash (outflow) inflow from capital expenditure and financial investment			(6,290)		8,780
Dividends paid			(10,053)		(19,507)
Net cash inflow before financing			5,196		2,814
Increase in cash in the year	14b		5,196		2,814

The notes on pages 8 to 18 form part of these financial statements

Notes to financial statements
For the year ended 31 December 2006

1. Accounting policies
A summary of the principal accounting policies all of which have been applied consistently throughout the year and the preceding year is set out below

a) 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 and the Companies Act 1985

b) Basis of consolidation
The group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings

Purchased goodwill arising on consolidation in respect of the acquisition of investments has been capitalised and is amortised on a straight line basis over its estimated useful life of twenty years

In the company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off

No profit or loss account is presented for the parent company as permitted by section 230 of the Companies Act 1985 The company's profit for the financial year ending 31 December 2006, determined in accordance with the Act was £16,013,000 (2005 - £140,000)

c) Tangible fixed assets

Depreciation is provided on a straight line basis as follows

Motor vehicles	5 years
Computers, furniture and other	3 to 5 years
Leasehold improvements	Over the lease term

d) Foreign currencies
Assets and liabilities denominated in foreign currencies are translated to sterling at rates current at the year end The results of overseas subsidiary undertakings are translated at the average rate of exchange for the year Exchange differences arising from translation of opening net assets of overseas subsidiary undertakings are taken to reserves Transactions in foreign currencies are translated at the average rate All differences are taken to the profit and loss account

e) Taxation
Corporation tax is provided on taxable profits at the current rate

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the group anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying difference Deferred tax balances are not discounted

f) Pensions
Amounts payable in respect of employer's pension contributions to the company's defined contribution pensions scheme are recognised in Administrative Expenses as they become payable

1 Accounting policies (continued)

g) Placement agents fees
Placement agents fees incurred during the raising of a fund are charged to the profit and loss account on a straight line basis over 2 years from when the first investment is made Amounts paid in advance of the profit and loss charge are included in prepayments

h) Employee share ownership trust
The company is deemed to have control of the assets, liabilities, income and costs of its Employee Share Ownership Trust (ESOT) In accordance with UITF 38 which was adopted during the year, own shares held have been deducted from shareholders' funds on the consolidated and company balance sheets

Any borrowings of the ESOT, which have been guaranteed by the Company, are included in borrowings with the net financing costs of the ESOT being shown as finance charges in the profit and loss account

i) Operating lease rentals
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis

j) Investments
Investments are held at cost less provision for any impairment in value

k) Revenue recognition
Revenue principally comprises fees from the management of venture capital investments Fee income is stated net of VAT

2. Operating profit

Profit on ordinary activities before taxation is stated after charging

	2006	2005
	£'000	£'000
Amortisation and amounts written off goodwill	216	216
Depreciation and amounts written off tangible fixed assets	368	206
Operating lease rentals		
- plant and machinery	41	32
- other	1,097	943
Auditors' remuneration		
- Group	144	102
- Company	18	15
Other fees paid to auditors	3	3

3. Staff costs

The average number of persons, including directors, employed by the Group during the period was as follows

	2006	2005
	Number	Number
Directors	4	3
Executives (including Directors of subsidiary undertakings)	59	60
Administrative staff	38	44
	101	107

3. Staff costs (continued)

Employee costs (including directors) for the year amounted to

	2006 £'000	2005 £'000
Wages and salaries	8,425	8,411
Staff bonuses	8,395	8,131
Social security costs	2,427	2,464
Pension costs	1,415	1,166
Other staff costs	776	554
	21,438	20,726

Directors' remuneration

Directors' remuneration was as follows

	2006 £'000	2005 £'000
Directors' fees, salaries and other benefits	907	706
Performance related bonus	1,118	800
	2,025	1,506
Pension contributions	47	41
Total emoluments of highest paid director (including pension contributions)	943	774

The emoluments paid to the Directors relate to services provided both to this company and subsidiary companies

4. Pension contributions

The group operates a defined contributions pension scheme for its Directors and Employees The assets of the scheme are held separately from those of the company in an independently administered fund The scheme is a non-contributory scheme but does permit employee contributions to a maximum of 15% of relevant earnings The pension cost charge for the period has been shown as part of the staff costs in note 3

The company operates a bonus sacrifice scheme At 31 December 2006, pension contributions of £895,000 (2005 - £682,000) payable under this scheme, were included within other creditors in the balance sheet

5. Tax on profit on ordinary activities

The tax charge for the year comprises	2006 £'000	2005 £'000
Corporation tax - UK	6	2,037
Under (over) provision for corporation tax in previous year	1	(45)
	7	1,992
Corporation tax - Overseas	595	280
Total current tax	602	2,272
Deferred tax	2,834	(3,961)
	3,436	(1,689)
Profit on ordinary activities before taxation	14,912	11,267
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 - 30%)	4,474	3,380
Effects of		
Expenses not deductible for tax purposes	277	940
Under (over) provision for corporation tax in previous year	1	(45)
Income not charged to UK Corporation tax	(8,420)	(10,634)
Capital allowances for period in excess of depreciation	(19)	(15)
Other timing differences	113	10,282
Income not in accounts charged to corporation tax	214	-
Partnership allocation	30	74
Tax losses unutilised	4,022	-
Tax losses utilised	(218)	(1,747)
Overseas tax in excess of standard UK corporation tax rate	128	37
Current tax charge for period	602	2,272

The Group has not recognised a deferred tax asset of £6,160,000 (2005 - £6,154,000) due to the inherent uncertainty regarding the timing of future taxable profits

6 Goodwill

	Group £'000
Cost	
Beginning and end of year	4,329
Amounts written off	
Beginning of year	1,297
Amortisation	216
End of year	1,513
Net book value	
At beginning of year	3,032
At end of year	2,816

7 Tangible fixed assets

The movement in the year was as follows

Group	Leasehold Improvements £'000	Motor Vehicles £'000	Computers, Furniture and Other £'000	Total £'000
Cost or valuation				
Beginning of year	-	44	1,332	1,376
Foreign exchange movement	-	-	(7)	(7)
Additions	1,042	-	579	1,621
Disposals	-	(10)	(252)	(262)
End of year	1,042	34	1,652	2,728
Depreciation				
Beginning of year	-	(37)	(828)	(865)
Foreign exchange movement	-	-	5	5
Charge	(104)	-	(264)	(368)
Disposals	-	3	236	239
End of year	(104)	(34)	(851)	(989)
Net book value				
Beginning of year	-	7	504	511
End of year	938	-	801	1,739

8 Fixed assets investments

Group	Other Investments £'000	Total £'000
Beginning of year	16,235	16,235
Additions	4,264	4,264
Disposals	(7,281)	(7,281)
End of year	13,218	13,218

Company	Subsidiary Undertakings £'000	Other Investments £'000	Total £'000
Beginning of year	7,204	16,232	23,436
Additions	-	4,264	4,264
Disposals	-	(7,281)	(7,281)
End of year	7,204	13,215	20,419

8 Fixed assets investments (continued)

a) Other investments
The other investments primarily represent loans and preference shares made to Emerald Investments (Guernsey) Limited ("Emerald") and Bridgepoint Capital Delaware General Partner LP as part of the requirement of Bridgepoint Europe II and to Sapphire Investments (Guernsey) Limited ("Sapphire") as part of the requirement of Bridgepoint Europe III

The Group includes subsidiaries, listed below, that manage venture capital partnerships in which they have participating interests, albeit small, and for which they act as General Partner These partnerships are subsidiary undertakings under the Companies Act 1985 As allowed by Section 227(6) of the Act, the directors have departed from the requirement to consolidate these subsidiary partnerships since the economic interest of the Group in these partnerships is, except to the extent that they are proportionally consolidated, merely that of investment manager The directors are of the opinion that were these partnerships consolidated, the Group accounts would not show a true and fair view The effect of this departure is to reduce net assets by £1,144m (2005 - £1,260m), minority interests by £1,144m (2005 - £1,260m) and profit before tax by £847m (2005 - £304m)

The interests of the Group in qualifying partnerships have been incorporated in the accounts of the Group by the equity method of proportional consolidation, thereby exempting it from the requirements of the Partnerships and Unlimited Companies Accounts (Regulations) 1993

b) Subsidiary undertakings
The parent company has investments in the following principal subsidiary undertakings

Name	Country of Incorporation	Nature of business
Bridgepoint Capital (Holdings) *	England	Investment Holding Company
Bridgepoint Private Equity Growth Fund Limited *	England	General Partner to UK Limited Partnership
Bridgepoint Capital France SA	France	Venture Capital management company
Bridgepoint Capital SpA **	Italy	Venture Capital advisory company
Bridgepoint Capital (GP) Limited	England	General Partner to Delaware Limited Partnership
Bridgepoint Capital GmbH	Germany	Venture Capital advisory company
Bridgepoint Capital Limited	England	Venture Capital management company
Bridgepoint Capital SA	Spain	Venture Capital advisory company
Bridgepoint Capital Scottish GP Limited	Scotland	General Partner to UK Limited Partnership
Bridgepoint Capital Scottish GP II Limited	Scotland	General Partner to UK Limited Partnership
Bridgepoint Private Equity Limited	England	Venture Capital management company
Bridgepoint Capital AB	Sweden	Venture Capital advisory company
PEPCO Services LLP	UK	Collective Purchasing Negotiator
Bridgepoint Europe III (GP) Limited	Scotland	General Partner to UK Limited Partnerships

Except where noted, all the above companies are wholly owned and registered in the country of incorporation

* These entities are owned directly

** Bridgepoint Capital SpA is 10% owned by the Company and 90% by Bridgepoint Capital (Holdings)

9. Debtors

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Amounts due within one year				
Amounts owed by subsidiary undertakings	-	-	-	38
Tax recoverable	1,310	1,354	-	-
Other debtors	3,701	4,873	569	373
Prepayments and accrued income	4,053	8,561	-	-
	9,064	14,788	569	411

10 Creditors: Amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Amounts owed to subsidiary undertakings	-	-	14,177	21,906
Trade creditors	1,037	139	-	-
Group relief	-	-	298	38
UK Corporation tax and Social Security payable	238	996	7	-
Overseas Corporation tax payable	34	195	-	-
Other creditors	13,304	7,672	10,304	4,863
Accruals and deferred income	23,612	27,487	5	10
	38,225	36,489	24,791	26,817

Notes to financial statements (continued)

11. Provisions for liabilities and charges

	Deferred Taxation 2006 £'000
At beginning of year	834
Charged in the year	2,834
At end of year	3,668

The Group has not recognised a deferred tax asset of £6,160,000 (2005 - £6,154,000) due to the inherent uncertainty regarding the timing of future taxable profits

12. Called-up share capital

Company	2006 Number	2005 Number	2006 £'000	2005 £'000
Authorised				
Original ordinary shares of 1p each	3,900,000	3,900,000	39	39
Series II ordinary shares of 1p each	1,100,000	1,100,000	11	11
ZZ Shares	804,750	804,750	8	8
YY Shares	1	1	-	-
	5,804,751	5,804,751	58	58
Allotted, called-up and paid				
Original ordinary shares of 1p each	1,915,750	2,153,000	19	22
Series II ordinary shares of 1p each	616,250	724,750	6	7
ZZ Shares	-	804,750	-	8
YY Shares	1	1	-	-
	2,532,001	3,682,501	25	37

During the year the company purchased and cancelled 237,250 Original ordinary shares, 108,500 Series II ordinary shares and 804,750 ZZ shares

13. Movement on shareholders' funds

Group	Share Capital £'000	Capital Redemption Reserve £'000	Other Reserves £'000	Own shares held by ESOT £'000	Profit and Loss Account £'000	Total Shareholders' Funds £'000
At 1 January 2006	37	-	787	(1,485)	18,971	18,310
Retained profit for the year	-	-	-	-	11,476	11,476
Movement in own shares	(12)	12	-	(3,491)	(4,982)	(8,473)
Issue of Shares	-	-	-	-	-	-
Dividends paid	-	-	-	-	(10,053)	(10,053)
Revaluation of overseas subsidiary undertakings	-	-	(53)	-	-	(53)
At 31 December 2006	25	12	734	(4,976)	15,412	11,207

Company	Share Capital £'000	Capital Redemption Reserve £'000	Other Reserves £'000	Own shares held by ESOT £'000	Profit and Loss Account £'000	Total Shareholders' Funds £'000
At 1 January 2006	37	-	-	(1,485)	835	(613)
Retained profit for the year	-	-	-	-	16,579	16,579
Movement in own shares	(12)	12	-	(3,491)	(4,982)	(8,473)
Issue of Shares	-	-	-	-	-	-
Dividends paid	-	-	-	-	(10,053)	(10,053)
At 31 December 2006	25	12	-	(4,976)	2,379	(2,560)

The Employee Share Ownership Trust ("ESOT") was established in 2002 in order to provide for the future obligations of the Company in respect of shares awarded under the scheme At the year-end there were no allocations to any employees under the scheme All dividends in respect of these shareholdings have been waived

14 Cash flow information

a) Reconciliation of operating profit to net inflow from operating activities

	2006 £'000	2005 £'000
Operating profit	11,519	10,292
Depreciation charges	368	215
Amortisation charges	216	216
Revaluation of overseas subsidiary undertakings	(51)	(60)
Decrease (increase) in debtors	5,724	(7,575)
Increase in creditors	2,655	9,768
Loss on sale of fixed assets	23	2
Net cash inflow from operating activities	20,454	12,858

b) Analysis and reconciliation of net funds

	1 January 2006 £'000	Cash flow £'000	31 December 2006 £'000
Cash at bank	21,067	5,196	26,263

	2006 £'000	2005 £'000
Increase in cash in the year	5,196	2,814
Net funds at 1 January	21,067	18,253
Net funds at 31 December	26,263	21,067

15 Operating Lease Commitments

Annual commitments under non-cancellable operating leases are as follows

	2006 Land and Buildings £'000	2006 Other £'000	2005 Land and Buildings £'000	2005 Other £'000
Expiry date				
between two and five years	97	55	-	30
after five years	1,133	-	-	-
	1,230	55	-	30

16 Related Party Transactions

a) The investments in Emerald referred to in Note 8 are made up of preference shares of £7,411,000 at the year end The Company and Group received interest of £80,000 (2005 - £327,000) and preference dividends of £nil (2005 - £nil) £nil was included in debtors at the year end (2005 - £327,000) Emerald has common shareholders with the Company

b) The investments in Sapphire referred to in Note 8 are made up of loans of £5,418,000 and preference shares of £202,000 at the year end The Company and Group received interest of £133,000 (2005 - £8,000) and preference dividends of £nil (2005 - £nil) £144,000 was included in debtors at the year end (2005 - £nil) Sapphire has common shareholders with the Company