

**ISIS Equity
Partners plc**
(Registered number 01659209)

**Report & Financial
Statements for the
Year ended
31 December 2005**

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ISIS EQUITY PARTNERS PLC

DIRECTORS AND ADVISERS

REGISTERED NUMBER:

01659209

DIRECTORS:

A Carnwath (Non-executive director)
S Egan
A L Grisay
O O Kolade
F&C Asset Management plc

SECRETARY:

F&C Asset Management plc
80 George Street
Edinburgh
EH2 3BU

REGISTERED OFFICE:

Exchange House
Primrose Street
London
EC2A 2NY

SOLICITORS:

Shepherd+ Wedderburn
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2ET

AUDITORS:

Ernst & Young LLP
Registered Auditor
Ten George Street
Edinburgh
EH2 2DZ

ISIS EQUITY PARTNERS PLC

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is the management of funds investing in unquoted companies. The company is authorised and regulated by the Financial Services Authority.

From 30 June 2005, the F&C group's private equity operation was transferred into a limited liability partnership, ISIS EP LLP. The group's private equity operation comprised a team of fund managers operating a number of management contracts of limited partnerships and VCTs. ISIS EP LLP is a private limited liability partnership which is not listed on any public exchange. F&C Asset Management plc, the parent undertaking, has a 19.99% stake in ISIS EP LLP.

The turnover of the company has decreased to £5,044,000 (2004: £7,374,000) as a result of the transfer.

RESULTS AND DIVIDEND

The financial statements show a profit after tax of £3,379,000 (2004: £3,451,000). The directors approved an interim dividend of £3,300,000 in 2005 (2004:£nil). The 2004 final dividend of £3,450,000 was paid in 2005 (2003 final dividend of £2,475,000 was paid in 2004).

FUTURE DEVELOPMENTS

Following the transfer of the private equity business during the year, the directors expect the company to become dormant once its residual transactions and related balances have been settled.

RISKS

Strategy in using financial instruments

As an asset management business, the directors consider it appropriate to differentiate between those financial risks which directly impact the company and those which indirectly impact the company due to the risks borne by our clients and the subsequent impact on the company's revenues.

Shareholder earnings risk through client assets

As an active fund manager we are responsible for managing assets in accordance with the mandates specified by our respective clients. The assets managed by the company are subject to varying degrees of financial risks (market, credit and liquidity). While these risks could result in financial loss or gain through a change in asset value, these risks and rewards are fully borne by, or fall to the benefit of, our clients.

However, as the majority of the company's asset management fees are quantified as a percentage of assets under management, the company's revenues are impacted by movements in client assets which are caused by the exposure to financial risks. As a result of the direct link of revenues to the value of client assets, our interests are aligned to those of our clients.

A key risk to our business is that of poor investment performance.

ISIS EQUITY PARTNERS PLC

REPORT OF THE DIRECTORS (continued)

RISKS (continued)

Corporate financial risk strategy

The company adopts a low risk approach to treasury management and financial risks in relation to shareholder equity, endeavouring to ensure that its capital is managed and preserved appropriately and financial risks are managed as appropriate. The company's treasury function ensures sufficient cash is retained by the company in respect of short-term working and regulatory capital requirements.

Market risk (price risk)

The company has no direct market risk. Its revenues are however largely dependent on the market prices of securities managed on behalf of clients which are subject to price risk which it seeks to mitigate in a variety of well-established ways.

Credit risk

As an asset management business which derives revenues which are based on a percentage of client assets under management, the company's exposure to default of clients is considered to be relatively low.

The quantum of accrued income and trade debtors at each balance sheet date is shown in note 13.

The majority of debtors at the balance sheet dates are in respect of loans and inter-company balances with other Group undertakings. As the Group's regulatory and working capital are monitored on a Group-wide basis, the risk of default is considered minimal.

The F&C Asset Management plc's Group ("F&C Group") treasury policy limits the exposure to any one counterparty (in respect of cash and cash equivalents), recognising that each counterparty has been approved by the F&C Credit Committee. There is no net credit risk in relation to client assets as this risk is borne fully by the clients concerned.

Liquidity risk

The treasury policy set by the F&C Group only allows financial assets attributable to equity holders to be invested in low risk deposits or money market instruments where the risk of capital loss is extremely low.

Cash flow risk

There is minimal cash flow risk due to the non-receipt of cash from clients as the company's revenues are funded directly from the assets which are managed on their behalf. The overall cash position is monitored by the F&C Group as a whole and each individual company within the Group draws on the available cash balance to meet its working capital requirements.

ISIS EQUITY PARTNERS PLC

REPORT OF THE DIRECTORS (continued)

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

H Carter	(resigned 16 May 2006)
A Carnwath	(non-executive)
S Egan	
O O Kolade	
I J Paterson Brown	(resigned 16 May 2006)

In addition to the above A L Grisay was appointed as a director of the company on 16 May 2006 and F&C Asset Management plc was appointed as a director of the company on 24 May 2006.

No individual director has any beneficial interest in the shares of the company.

The beneficial interests of the directors in the share capital of F&C Asset Management plc, the parent undertaking, are:

	At 31 December 2005		At 31 December 2004	
	Ord shares	Options	Ord shares	Options
H Carter	39,063	949,005	43,364	949,005
A Carnwath (Non-executive)	-	-	-	-
S Egan	-	13,500	-	13,500
OO Kolade	11,017	96,456	10,588	96,456
IJ Paterson Brown	195,771	447,835	195,021	472,835

Since 31 December 2005, Messrs Carter and Paterson Brown have each acquired 238 Ordinary Shares through monthly subscriptions into F&C Asset Management plc's Share Incentive Plan. Further details of these schemes can be obtained from the F&C Asset Management plc Group Report and Financial Statements. On 28 March 2006 H Carter sold 37,461 Ordinary Shares at a price of 215.50 pence per share.

On 28 March 2006 H Carter exercised all 161,870 options granted under the 2002 Executive Share Scheme and sold the shares realising a gain of £123,000. Further details of this scheme can be obtained from the F&C Asset Management plc Group Report and Financial Statements.

The beneficial interests of the directors in the share capital of the ultimate parent undertaking, Friends Provident plc, are:

	Ord shares	
	At 31 December 2005	At 31 December 2004
H Carter	24,560	24,560
A Carnwath (Non-executive)	-	-
S Egan	231	231
OO Kolade	208	208
I J Paterson Brown	-	-

ISIS EQUITY PARTNERS PLC

REPORT OF THE DIRECTORS (continued)

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



F&C Asset Management plc
Secretary
15 June 2006

ISIS EQUITY PARTNERS PLC

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 United Kingdom Generally Accepted Accounting Practice.

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 these financial statements, the directors are required to:

- select suitable accounting policies and the apply them consistently;
- make judgments 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 are responsible for keeping proper accounting records that 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. 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.

ISIS EQUITY PARTNERS PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ISIS EQUITY PARTNERS PLC

We have audited the company's financial statements for the year ended 31 December 2005, which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 25. 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 are properly prepared in accordance with the Companies Act 1985.

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 is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

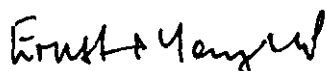
BASIS OF AUDIT OPINION

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 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, 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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Edinburgh
15 June 2006

ISIS EQUITY PARTNERS PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

		Discontinued Operations	
	Notes	2005 £000	2004 (as restated) £000
TURNOVER	2	5,044	7,374
Other operating income	12	314	-
Administrative expenses		(2,824)	(4,289)
OPERATING PROFIT	3	2,534	3,085
Dividends receivable from subsidiary undertakings		1,024	1,008
Interest receivable	6	720	421
Interest payable	7	-	(1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,278	4,513
Taxation on profit on ordinary activities	8	(899)	(1,062)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,379	3,451

The company has no recognised gains or losses for the year ended 31 December 2005 or the year ended 31 December 2004 other than those shown in the profit and loss account above.

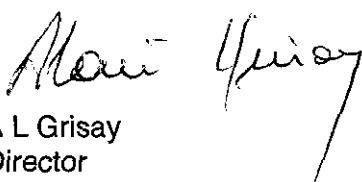
The accounting policies on pages 10 and 11 and the notes on pages 12 to 21 form part of these financial statements.

ISIS EQUITY PARTNERS PLC

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	31 December 2005 £000	31 December 2004 (as restated) £000
FIXED ASSETS			
Tangible fixed assets	11	43	56
Investments	12	-	1
		<u>43</u>	<u>57</u>
CURRENT ASSETS			
Debtors	13	12,922	10,817
Cash at bank and in hand		54	1,447
		<u>12,976</u>	<u>12,264</u>
CREDITORS (Amounts falling due within one year)	14	(10,205)	(6,192)
		<u>2,771</u>	<u>6,072</u>
NET CURRENT ASSETS			
		<u>2,814</u>	<u>6,129</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	16	94	94
Capital redemption reserve	18	151	151
Revaluation reserve	19	-	(56)
Profit and loss account	17	2,569	5,940
		<u>2,814</u>	<u>6,129</u>
TOTAL SHAREHOLDER'S FUNDS	18	<u>2,814</u>	<u>6,129</u>

The financial statements were approved by the Board of Directors and authorised for issue on 15 June 2006. They were signed on its behalf by:


A L Grisay
Director

The accounting policies on pages 10 and 11 and the notes on pages 12 to 21 form a part of these financial statements.

ISIS EQUITY PARTNERS PLC

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

Comparatives have been restated after the adoption of the following UK GAAP standards which became effective during the year:

FRS 21 – Events after the Balance Sheet Date

The financial impacts of their related adjustments are shown in note 10.

Tangible fixed assets

Tangible fixed assets are stated as cost less accumulated depreciation and accumulated impairment losses.

Expenditure on tangible fixed assets is capitalised on initial recognition. Subsequent expenditure is only capitalised when it is probable that there will be future economic benefits associated with the expenditure which can be measured reliably. All other expenditure is recognised in the Profit and Loss Account as incurred.

Tangible fixed assets are depreciated so as to write off the cost of assets, using the straight line method, over their estimated useful lives, as follows:

Leasehold improvements	– 10 years
Office furniture and equipment	– 3-5 years
Computer equipment	– 3 years

The carrying value of assets and their useful lives are reviewed at each reporting date. If an indication of impairment exists, the assets are written down to their recoverable amount and the impairment is charged to the Profit and Loss Account in the year in which it arises.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax, with the following exceptions:

- ❑ Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a commitment to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only when the replacement assets are sold.
- ❑ Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

ISIS EQUITY PARTNERS PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. ACCOUNTING POLICIES (continued)

Deferred taxation (continued)

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Investments

Listed investments are included at market value. Unlisted investments are carried at the lower of cost and directors' valuation. The carrying value of investments is reviewed at each reporting date. If an indication of impairment exists, the investments are written down to their recoverable amount and the impairment is charged to the Profit and Loss Account in the year in which it arises.

Turnover

Turnover comprises income from investment management services.

Asset management fees, investment advisory fees and other revenue generated by the company's investment management activities are recognised in the Profit and Loss Account over the period for which these investment management services are provided.

Subsidiary undertakings

The company has taken exemption under section 228 of the Companies Act not to prepare group financial statements as it is a wholly owned subsidiary of F&C Asset Management plc, a company incorporated in Scotland, which prepares consolidated financial statements.

Dividend recognition

Dividend receivables and liabilities are only recognised when the dividends have been declared and approved or the date of payment for interim dividends.

Related party disclosures

FRS 8, 'Related Party Disclosures' requires disclosure of the details of material transactions between the reporting entity and related parties. The company has taken advantage of the exemption in FRS8 not to disclose transactions between F&C Group companies which eliminate on consolidation.

Cash flow statement

The company has taken advantage of the exemptions of FRS1 (revised) "Cash Flow Statements" and has elected not to prepare its own cash flow statement as it is included within the consolidated cash flow statement in the group financial statements of F&C Asset Management plc.

ISIS EQUITY PARTNERS PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. TURNOVER

Turnover comprises investment management fees and financial consultancy fees from clients in:

	Discontinued Operations	
	2005 £000	2004 £000
United Kingdom	5,044	7,374

3. OPERATING PROFIT

	Discontinued Operations	
	2005 £000	2004 £000
This is stated after charging:		
Depreciation of owned fixed assets	28	28
Auditors' remuneration – audit services	13	8
Auditors' remuneration – non audit services	3	18
Operating lease payments – land & buildings	42	72

4. STAFF COSTS

	Discontinued Operations	
	2005 £000	2004 £000
Wages and salaries	69	88
Social security costs	-	-
Other pension costs	-	-

Staff costs totalling £1,870,000 were recharged to the company during 2005 (2004: £3,459,000).

ISIS EQUITY PARTNERS PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. DIRECTORS' EMOLUMENTS

The aggregate emoluments of the directors, who received emoluments for services to the company, were as follows:

	2005 £000	2004 £000
Emoluments	225	1,255
Company contributions paid to money purchase pension schemes	18	60

The emoluments of H Carter and I J Paterson Brown are disclosed in the accounts of F&C Asset Management plc, the parent undertaking.

The number of directors, who held office during the year, to whom retirement benefits are accruing is set out below:

	2005 No	2004 No
Members of money purchase pension schemes	2	4
Members of defined benefit schemes	2	2

The emoluments in respect of the highest paid director are as follows:

	2005 £000	2004 £000
Emoluments	120	591
Company contributions paid to money purchase pension schemes	10	12

The directors' emoluments above are included in the staff costs recharge referred to in note 4.

ISIS EQUITY PARTNERS PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. INTEREST RECEIVABLE

	2005 £000	2004 £000
Interest from fellow subsidiary undertakings	713	403
Bank interest	7	18
	<u>720</u>	<u>421</u>

7. INTEREST PAYABLE

	2005 £000	2004 £000
Bank interest and charges	-	1
	<u>-</u>	<u>1</u>

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2005 £000	2004 £000
UK Corporation Tax		
UK Corporation Tax on profits for the year	884	1,061
Adjustments in respect of previous periods	(1)	-
	<u>883</u>	<u>1,061</u>
Total current tax charge for the year		

Deferred tax

Originating and reversal of timing differences (note 15)	<u>16</u>	<u>1</u>
Total tax charge for the year	<u>899</u>	<u>1,062</u>

Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of Corporation Tax in the UK. The differences are explained below.

Profit on ordinary activities before tax	<u>4,278</u>	<u>4,513</u>
Profit on ordinary activities multiplied by the tax rate of 30.0% (2004: 30.0%)	1,283	1,354
Effects of:		
Non-taxable income	(383)	(293)
Decelerated capital allowances	(16)	-
Adjustments in respect of previous periods	(1)	-
	<u>883</u>	<u>1,061</u>
Current tax charge for the year		

ISIS EQUITY PARTNERS PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. ORDINARY DIVIDENDS

	2005 £000	2004 (as restated) £000
Declared and paid during the year :		
Final dividend for 2004: 3,670.21p (2003: 2,632.98p)	3,450	2,475
Interim dividend for 2005: 3,510.64p (2004: nil)	3,300	-
	<hr/>	<hr/>
	6,750	2,475
	<hr/>	<hr/>

10. PRIOR YEAR ADJUSTMENT

The adoption of FRS 21 'Events after the Balance Sheet Date' has resulted in a prior year restatement to the financial statements for the year ended 31 December 2004. The financial impact of the adjustments are shown below.

FRS 21 is applicable for accounting periods ending on or after 1 January 2005. It supersedes SSAP 17 "Accounting for post balance sheet events" as previously issued.

Dividends declared by the company after the period end in respect of the period to the balance sheet date were previously recognised in the accounts for that period. Under FRS 21 this is no longer the case and as a result retained earnings at the balance sheet date are increased and current liabilities are increased and current liabilities are decreased by the amount of these declared dividends.

Dividends paid were previously shown in the profit and loss account and are now shown in the reconciliation of shareholder's funds and movement on reserves. The effect of the change in accounting policy on the balance sheet at 1 January 2004 and 31 December is shown below. Note that only categories which have changed are shown.

	As at 31 December 2004 £000
Balance sheet impact:	
<i>Creditors</i>	
Decrease in amounts due to parent undertakings	3,450
Increase in amounts due to fellow subsidiary undertakings	(1,024)
	<hr/>
	2,426
<i>Capital and reserves</i>	
Increase in profit and loss account	(2,426)
	<hr/>
	(2,426)
	<hr/>
	As at 1 January 2004 £000
Balance sheet impact:	
<i>Creditors</i>	
Decrease in amounts due to parent undertakings	2,475
Increase in amounts due to fellow subsidiary undertakings	(1,008)
	<hr/>
	1,467
<i>Capital and reserves</i>	
Increase in profit & loss account	(1,467)
	<hr/>
	(1,467)
	<hr/>

ISIS EQUITY PARTNERS PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

	Leasehold improvements £000	Office furniture and equipment £000	Computer equipment £000	Total £000
COST:				
At 1 January 2004	42	43	209	294
Additions	7	5	8	20
At 31 December 2004	49	48	217	314
Additions	-	2	13	15
At 31 December 2005	49	50	230	329
DEPRECIATION:				
At 1 January 2004	21	38	171	230
Provided during the year	3	3	22	28
At 31 December 2004	24	41	193	258
Provided during the year	3	3	22	28
At 31 December 2005	27	44	215	286
NET BOOK VALUE:				
At 31 December 2005	22	6	15	43
At 31 December 2004	25	7	24	56
At 31 December 2003	21	5	38	64

12. FIXED ASSET INVESTMENTS

Investments in subsidiaries	£000
Cost at 1 January 2004	1
Additions	-
Disposals	-
At 31 December 2004	1
Additions	-
Disposals	(1)
At 31 December 2005	-

The following companies were placed in liquidation on 29 November 2005 and the proceeds from liquidation of £313,528 are included in the profit and loss account.

- Baronsmead (Carry) Limited
- Baronsmead (LP) Limited
- BAL Nominees Limited
- Baronsmead Fund Nominees Limited
- Baronsmead Nominees Limited
- Baronsmead (BRF) Nominees Limited
- Baronsmead (BBF) Nominees Limited
- Baronsmead Trustee Limited
- Tovil (GP) Limited
- Baronsmead Fund Management Limited
- Baronsmead Fund Management 2 Limited

ISIS EQUITY PARTNERS PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. FIXED ASSET INVESTMENTS (continued)

The following companies were sold during the year for nil proceeds and the loss on sale of £5 is included in administration expenses.

- ISIS III Carry GP Limited
- ISIS Equity Partners GP Limited
- FIS Nominee Limited
- ISIS Equity Partners Founder Partner Limited

13. DEBTORS

	31 December 2005 £000	31 December 2004 £000
Amounts due within one year:		
Trade debtors	101	84
Accrued income	-	2,030
Amounts due from fellow subsidiary undertakings	89	312
Loan to fellow subsidiary undertaking	12,660	7,640
Group relief receivable	-	473
Other debtors	69	227
Prepayments	3	35
	<hr/> 12,922	<hr/> 10,801
Amounts due outwith one year:		
Deferred taxation (note 15)	-	16
	<hr/> 12,922	<hr/> 10,817

The loan is to F&C Treasury Limited. The loan is repayable on demand and is subject to interest at 3 month LIBOR plus 1% margin.

14. CREDITORS

	31 December 2005 £000	31 December 2004 (as restated) £000
Amounts falling due within one year:		
Trade creditors	29	91
Amounts due to parent undertakings	5,693	2,037
Amounts due to fellow subsidiary undertakings	3,244	2,111
Accruals	66	166
Corporation Tax payable	884	1,659
Other creditors	282	23
VAT payable	7	105
	<hr/> 10,205	<hr/> 6,192

ISIS EQUITY PARTNERS PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. DEFERRED TAXATION

	2005 £000	2004 £000
At 1 January	16	17
Profit and Loss account credit during the year (note 8)	(16)	(1)
At 31 December	-	16
	31 December 2005 £000	31 December 2004 £000
Deferred taxation provided in the accounts is as follows:		
Accelerated capital allowances	-	16
Disclosed in the accounts as follows:		
Debtors (note 13)	-	16
Non-discounted deferred tax asset	-	16

16. SHARE CAPITAL

	31 December 2005 £000	31 December 2004 £000
Authorised: 2,600,000 Ordinary Shares of 10p each	260	260
Allotted, called up and fully paid: 937,855 Ordinary Shares of 10p each	94	94

ISIS EQUITY PARTNERS PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. PROFIT AND LOSS ACCOUNT RESTATEMENT

	2005 £000	2004 £000
Balance at 1 January (as previously reported)	3,514	3,497
Adjustment in respect of adoption of FRS 21 "Events after the Balance Sheet Date"	2,426	1,467
Balance at 1 January (as restated)	5,940	4,964
Profit on ordinary activities after taxation	3,379	3,451
Dividends	(6,750)	(2,475)
Balance at 31 December	2,569	5,940

18. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENTS IN RESERVES

	Share Capital £000	Revaluation Reserve £000	Capital Redemption Reserve £000	Profit and Loss Account £000	Total Shareholder's Funds £000
At 31 December 2003 (as restated)	94	(56)	151	4,964	5,153
Profit on ordinary activities after taxation	-	-	-	3,451	3,451
Final dividend 2003	-	-	-	(2,475)	(2,475)
At 31 December 2004 (as restated)	94	(56)	151	5,940	6,129
Profit on ordinary activities after taxation	-	-	-	3,379	3,379
Interim dividend 2005	-	-	-	(3,300)	(3,300)
Final dividend 2004	-	-	-	(3,450)	(3,450)
Revaluation reserve written off (note 19)	-	56	-	-	56
At 31 December 2005	94	-	151	2,569	2,814

19. REVALUATION RESERVE

During the year the revaluation reserve was written off and the change is included within administrative expenses in the profit and loss account.

ISIS EQUITY PARTNERS PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. COMMITMENTS UNDER OPERATING LEASES

The company had annual commitments under non-cancellable operating leases set out below.

	31 December 2005 £000	31 December 2004 £000
Leasehold property commitments expiring:		
within one year	-	-
within two to five years	52	42
outwith five years	-	54
	<hr/> 52	<hr/> 96

21. PENSION COMMITMENTS

The group operates a defined contribution pension scheme, the F&C Asset Management plc group personal pension plan, which all employees are eligible to join. The group personal pension plan had no outstanding or prepaid contributions as at 31 December 2005 (2004: £nil).

Full details of the group's pension arrangements are disclosed in the accounts of its parent undertaking, F&C Asset Management plc.

22. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary undertaking of F&C Asset Management plc. The results of the company are consolidated in the results of Friends Provident plc, the company's ultimate parent undertaking.

For the year ended 31 December 2005 the company had the following transactions with fellow subsidiaries of Friends Provident plc.

	Total invoiced and accrued during 2005 £000	Total invoiced and accrued during 2004 £000	Total outstanding at 31 December 2005 £000	Total outstanding at 31 December 2004 £000
Management fees	435	417	-	-

The company has taken exemption from the requirement to disclose other related party transactions with members of the F&C Asset Management plc group on the basis that it is a wholly owned subsidiary.

ISIS EQUITY PARTNERS PLC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. CAPITAL ADEQUACY DIRECTIVE

The company which is part of the F&C Asset Management plc group, is not subject to the regulatory consolidated capital requirements of the Financial Services Authority.

24. GUARANTEES

The company has agreed to provide ongoing finance to a fellow subsidiary undertaking, Baronsmead General Partner (BVC) Limited and its parent company, ISIS Equity Partners Holdings Limited, to enable them to continue operating and to meet their liabilities as they fall due. At 31 December 2005, Baronsmead General Partner (BVC) Limited had a deficit of liabilities over assets of £1,044,237 (2004: £1,044,237) while ISIS Equity Partners Holdings Limited had net assets overall but net current liabilities of £1,018,049 (2004: £131,013)

In respect of Baronsmead General Partner (BVC) Limited, this has required the company to subordinate the amounts owed to it by its fellow subsidiary to the prior payment in full of all of its other liabilities for a period of twelve months from the date of approval of that company's accounts for the year ended 31 December 2005. At 31 December 2005, the company was owed £88,207 by Baronsmead General Partner (BVC) Limited.

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is ISIS Equity Partners Holdings Limited.

The smallest group of which the company is a member and for which group financial statements are prepared is F&C Asset Management plc. Copies of the Group Report and Financial Statements are available from its registered office: 80 George Street, Edinburgh, EH2 3BU.

The company's ultimate parent undertaking and controlling party is Friends Provident plc which is incorporated in England and Wales. Copies of the Friends Provident Group Report and Accounts for Friends Provident plc are available from the Company Secretary, Pixham End, Dorking, Surrey RH4 1QA.