

**RJD PARTNERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

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COMPANIES HOUSE

CORPORATE INFORMATION

Registered Office

8-9 Well Court
London, EC4M 9DN

Registered No 4245768

Directors

Richard Caston
John Dillon
Richard Drover (appointed 20 March 2007)
Duncan Johnson
David MacLellan
Stephen Shone (resigned 11 October 2006)

Secretary

Bernadette Barber

Registered Auditor

Rees Pollock
Chartered Accountants
35 New Bridge Street
London
EC3V 6BW

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006**

The directors present their annual report and audited financial statements for the year ended 31 December 2006

Principal activity

RJD Partners Limited ("the Company") provides investment management services to investors within the private equity sector and specifically to a number of private equity funds, together referred to as "the Funds". The principal activities of the Company are the marketing, establishing, managing and operating of private equity funds and the provision of directors' services and management to third parties

Financial results

The results for the year and the state of the Company's affairs are set out in the financial statements on pages 5 to 13

Directors and their interests

The directors of the Company are as set out on page 1

By virtue of their shareholdings in the Company's ultimate parent Company, RJD Group Limited, the directors Richard Caston, John Dillon, Duncan Johnson and David MacLellan all had a beneficial interest in the Company's entire share capital at 31 December 2006 (1 January 2006 David MacLellan had an interest in 50,000 Ordinary "A" shares of £1 each, by virtue of his shareholding in the ultimate parent company at that date, RJD Partners (Holdings) Limited)

The interests of the directors in the Company's Ordinary "B" shares of 50p each was as follows

	31 Dec 06	1 Jan 06
John Dillon	-	10,713
Richard Caston	-	5,358
Duncan Johnson	-	5,358

Auditor

Elective resolutions to dispense with the holding of annual general meetings, the laying of accounts before the Company in general meeting and the annual appointment of the auditor are currently in force. The auditor, Rees Pollock, Chartered Accountants, will therefore be deemed to have been reappointed at the end of the period of 28 days beginning with the day on which copies of this report and accounts are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end

On behalf of the Board



Richard Drover

Director

26 April 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the accounts in accordance with applicable 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 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

In so far as the directors are aware

- there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

Independent auditor's report to the shareholders of RJD Partners Limited

We have audited the financial statements of RJD Partners Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely for the Company's members, as a body, in accordance with s235 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 auditor's 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 auditor

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant 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 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 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

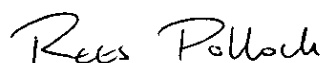
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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 2006 and of its profit and cash flows for the year then ended
- have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the accounts for the year ended 31 December 2006



Rees Pollock
Chartered Accountants and Registered Auditor
London
26 April 2007

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 £	2005 £
Turnover		2,778,309	1,724,322
Administrative expenses		<u>(2,216,184)</u>	<u>(1,670,179)</u>
Operating profit	2	562,125	54,143
Other interest receivable and similar income		52,404	56,781
Interest payable	5	<u>(73,231)</u>	<u>(92,133)</u>
Profit on ordinary activities before taxation		541,298	18,791
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		541,298	18,791
Retained loss brought forward		<u>(1,109,904)</u>	<u>(1,128,695)</u>
Retained loss carried forward		<u><u>(568,606)</u></u>	<u><u>(1,109,904)</u></u>

There are no recognised gains or losses other than the profit for the year

There is no material difference between the results as described in the profit and loss account and the results on an unmodified historical cost basis. Accordingly, a note of the historical cost losses for the year is not given.

All the amounts above are in respect of continuing operations.

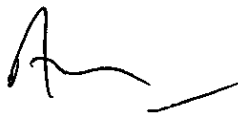
The accounting policies and notes on pages 8 to 13 form an integral part of these financial statements.

**BALANCE SHEET
AS AT 31 DECEMBER 2006**

	Notes	2006 £	2005 £
Fixed assets			
Tangible fixed assets	7	172,573	-
Investments	8	<u>2</u>	<u>1</u>
		172,575	1
Current assets			
Debtors	9	1,165,234	237,177
Cash at bank and in hand		<u>713,905</u>	<u>791,881</u>
		1,879,139	1,029,058
Creditors amounts falling due within one year	10	<u>(1,115,676)</u>	<u>(721,819)</u>
Net current assets		<u>763,463</u>	<u>307,239</u>
Total assets less current liabilities		936,038	307,240
Creditors: amounts falling due after more than one year	11	<u>(712,500)</u>	<u>(1,350,000)</u>
Net assets/(liabilities)		<u><u>223,538</u></u>	<u><u>(1,042,760)</u></u>
Capital and reserves			
Called up share capital	13	67,965	60,715
Share premium account	14	724,179	6,429
Profit and loss account		<u>(568,606)</u>	<u>(1,109,904)</u>
Shareholders' funds - equity interest	15	<u><u>223,538</u></u>	<u><u>(1,042,760)</u></u>

The accounting policies and notes on pages 8 to 13 form an integral part of these financial statements

These financial statements were approved by the board of directors on 26 April 2007 and signed on its behalf by AD MacLellan



Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 £	2005 £
Net cash inflow/(outflow) from operating activities	16	424,544	(211,282)
Return on investments and servicing of finance			
Interest received		52,404	56,781
Interest paid		<u>(73,231)</u>	<u>(92,133)</u>
		<u>(20,827)</u>	<u>(35,352)</u>
Capital expenditure			
Acquisition of subsidiaries		(1)	-
Purchase of tangible fixed assets		<u>(181,692)</u>	<u>-</u>
		<u>(181,693)</u>	<u>-</u>
Financing activities			
Repayment of loans		<u>(300,000)</u>	<u>(200,000)</u>
Decrease in cash in the year	17	<u>(77,976)</u>	<u>(446,634)</u>

The accounting policies and notes on pages 8 to 13 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting principles in the UK

b) Turnover

Turnover represents the amounts (excluding value added tax) derived from the management and operation of private equity funds, the provision of directors' services and from the arrangement of investment deals

c) Operating leases

Rental charges are taken to the profit and loss account on a straight line basis over the life of the lease

d) Pensions and other post retirement benefits

The Company operates a defined contribution pension scheme. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

e) Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19

f) Tangible fixed assets

Depreciation is provided by the Company to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Fixtures and fittings	5 years
Office equipment	4 years

g) Investments

The investments in the Company's subsidiaries are stated at cost

h) Placement agent's fees

Placement agent's fees are taken to the profit and loss account on a straight line basis over the estimated primary investment period of the private equity fund to which they relate. See note 11 for further information

i) Consolidation

The Company is exempt from preparing group accounts on the basis that the results of the parent and its subsidiaries are consolidated in the group accounts of RJD Group Limited, which are publicly available. These accounts therefore present the results and position of the parent company only

2 Profit on ordinary activities before taxation	2006 £	2005 £
Profit on ordinary activities before taxation is stated after charging		
- Auditor's remuneration		
- audit fees	4,500	6,000
- non audit services	-	-
- Depreciation of tangible fixed assets	9,119	-
- Operating lease rentals	40,960	-

3 Remuneration of directors

	2006 £	2005 £
Directors' emoluments	784,740	885,133
Contributions to money purchase pension schemes	24,374	-
	<u>809,114</u>	<u>885,133</u>

With effect from 24 October, the Company operates a defined contribution pension scheme. The emoluments of the highest paid director were £179,304 (2005 £161,546) inclusive of company pension contributions of £5,375 (2005 £nil) that were made to the defined contribution scheme on his behalf. Prior to 24 October 2006, staff engaged in the Company's activities were members of the Royal London Pension Scheme, a funded benefits scheme. The Company's contributions to this scheme were set annually in relation to each service period. Consequently, as required by Financial Reporting Standard 17, 'Retirement Benefits', the Company accounted for its contributions as if the scheme were of the defined contribution type. The Company's contributions were not affected by any surplus or deficit in the scheme.

Retirement benefits are accruing to four directors under money purchase schemes (2005 four)

4 Staff numbers and costs

The average number of persons employed by the Company (including executive directors) during the year was seven (2005 seven)

Employment costs of all employees included above comprised

	2006 £	2005 £
- Wages and salaries	954,624	826,357
- Social security costs	109,412	97,781
- Other pension costs	175,572	263,902
	<u>1,239,608</u>	<u>1,188,040</u>

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company. Contributions of £49,100 remained unpaid at the year end.

5 Interest payable and similar charges

	2006 £	2005 £
Interest payable on subordinated loan	14,438	14,996
Other	58,793	77,137
	<u>73,231</u>	<u>92,133</u>

6(a) Tax on loss on ordinary activities

	2006 £	2005 £
Corporation tax at 30%	-	-

6(b) Reconciliation of profit on ordinary activities to taxation

	£	£
Profit on ordinary activities before tax	<u>541,298</u>	<u>18,791</u>
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 30%	162,389	5,637
Utilisation of surplus tax losses brought forward	<u>(162,389)</u>	<u>(5,637)</u>
Current tax charge for the year (note 6(a))	<u>-</u>	<u>-</u>

6(c) Deferred tax

The company has surplus trading tax losses of £428,000 available for carry forward to offset against trading profits in future accounting periods. The associated deferred tax asset of £128,400 has not been recognised in these accounts.

7 Tangible fixed assets

	Office equipment £	Fixtures and fittings £	Total £
Cost			
At 1 January 2006	-	-	-
Additions	18,623	163,069	181,692
At 31 December 2006	<u>18,623</u>	<u>163,069</u>	<u>181,692</u>
Depreciation			
At 1 January 2006	-	-	-
Charge for the year	988	8,131	9,119
At 31 December 2006	<u>988</u>	<u>8,131</u>	<u>9,119</u>
Net book value			
At 31 December 2006	<u>17,635</u>	<u>154,938</u>	<u>172,573</u>
At 31 December 2005	<u>-</u>	<u>-</u>	<u>-</u>

8 Fixed assets investments

	At 1 January 2006 £	Purchases £	At 31 December 2006 £
RLPE General Partner Limited	1	-	1
RJD General Partner II Limited	-	1	1
RJD General Partner II (Scotland) Limited	-	-	-
	<u>1</u>	<u>1</u>	<u>2</u>

RLPE General Partner Limited

Nature of business: general partner in fund management
Country of incorporation: England and Wales
Class of shares held: Ordinary (100% holding)

RJD General Partner II Limited

Nature of business: general partner in fund management
Country of incorporation: England and Wales
Class of shares held: Ordinary (100% holding)

RJD General Partner II (Scotland) Limited

Nature of business: general partner in fund management
Country of incorporation: Scotland
Class of shares held: Ordinary (100% holding)

9 Debtors

	2006 £	2005 £
Trade debtors	105,146	8,804
Amounts due from group undertakings	392,376	263
Sundry debtors	16,575	173,408
Prepayments and accrued income	207,142	54,702
Debtors amounts falling due after one year - Other debtors	443,995	-
	<u>1,165,234</u>	<u>237,177</u>

10 Creditors amounts falling due within one year	2006	2005
	£	£
Trade creditors	197,535	-
Amounts due to group undertakings	1	54,947
Taxation and social security	65,504	-
Amounts payable in respect of placement agent's services (note 11)	155,000	-
Other creditors	408,735	264,777
Accruals	288,901	402,095
	1,115,676	721,819

11 Creditors: amounts falling due after more than one year	2006	2005
	£	£
Subordinated loan due to RJD Partners (Holdings) Limited	175,000	350,000
Other amounts due to RJD Partners (Holdings) Limited	-	850,000
Subordinated loan from Intelli Partners Limited	150,000	150,000
Amounts payable in respect of placement agent's services	387,500	-
	712,500	1,350,000

The subordinated loan from RJD Partners (Holdings) Limited is interest free. It was repaid in full on 10 April 2007.

On 24 October 2006, the residual balance of £725,000 due on that date to RJD Partners (Holdings) Limited was converted into 725,000 Ordinary "A" shares of £0.01 each.

The subordinated loan to Intelli Partners Limited was repaid in full on 10 April 2007.

A placement agent's fee is payable in relation to the fundraisings undertaken by RJD Private Equity Fund II and RJD Private Equity SBS Fund II. The amount due as at 31 December 2006 totals £542,500 and is split between amounts falling due within one year (£155,000) and amounts falling due in more than one year (£387,500). The fee is based upon the total commitments of the two funds and is payable in eight equal half yearly instalments, commencing January 2007.

12 Commitments under operating leases

At 31 December 2006 the Company had annual commitments under non-cancellable operating leases in relation to land and buildings, as set out below:

	2006	2006	2005	2005
	£	£	Number	£
Operating leases which expire				
Within 2 to 5 years	286,428	-		
13 Called up share capital	2006	2006	2005	2005
Authorised	Number	£	Number	£
Ordinary 'A' shares of £0.01 each (2005 £1 each)	125,000	1,250	50,000	50,000
Ordinary 'B' shares of £0.01 each (2005 £0.50 each)	-	-	21,429	10,715
Ordinary shares of £0.01 each	6,796,450	67,965	-	-
	6,921,450	69,215	71,429	60,715

Allotted, issued and fully paid	2006 Number	2006 £	2005 Number	2005 £
Ordinary 'A' shares of £0 01 each (2005 £1 each)	-	-	50,000	50,000
Ordinary 'B' shares of £0 01 each (2005 £0 50 each)	-	-	21,429	10,715
Ordinary shares of £0 01 each	6,796,450	67,965	-	-
	6,796,450	67,965	71,429	60,715

During the year the ordinary 'A' shares of £1 were each subdivided into 100 ordinary 'A' shares of £0 01 each and the ordinary 'B' shares of £0 50 were each subdivided into 50 ordinary 'B' shares of £0 01 each. The authorised share capital of the Company was increased by the creation of 850,000 ordinary 'A' shares of £0 01 each.

During the year 725,000 ordinary 'A' shares of £0 01 each were issued for £1 each. Following this the issued 5,725,000 ordinary 'A' shares and the issued 1,071,450 ordinary 'B' shares were redesignated into 6,796,450 ordinary shares of £0 01 each.

14 Share premium account	2006 £	2005 £
At 1 January 2006	6,429	6,429
Premium arising on the issue of shares	717,750	-
At 31 December 2006	724,179	6,429
15 Reconciliation of movement in shareholders' funds	2006 £	2005 £
Opening shareholders' funds	(1,042,760)	(1,061,551)
Issue of ordinary "A" shares	725,000	-
Profit for the financial year	541,298	18,791
Closing shareholders' funds	223,538	(1,042,760)
16 Reconciliation of operating profit to net cash flow from operating activities	2006 £	2005 £
Operating profit	562,125	54,143
Depreciation of tangible fixed assets	9,119	-
Increase in debtors	(928,057)	(200,260)
Increase/(decrease) in creditors	781,357	(65,165)
Net cash inflow/(outflow) from operating activities	424,544	(211,282)
17 Reconciliation of net cash flow to movement in net debt	2006 £	2005 £
Decrease in cash	(77,976)	(446,634)
Out flow from movement in loans	300,000	200,000
Change in net funds from cashflows	222,024	(246,634)
Other changes	725,000	-
Movement in net debt	947,024	(246,634)
Debt brought forward	(558,119)	(311,485)
Funds carried forward	388,905	(558,119)

18 Analysis of net funds	Cash £	Debt due in over one year £	Total funds £
At 1 January 2006	791,881	(1,350,000)	(558,119)
Cash flow	(77,976)	300,000	222,024
Other changes	-	725,000	725,000
At 31 December 2006	<u>713,905</u>	<u>(325,000)</u>	<u>388,905</u>

19 Parent undertaking

The Company is a wholly owned subsidiary of RJD Partners (Holdings) Limited. Its ultimate parent company is RJD Group Limited. Copies of that company's annual report and accounts can be obtained from 8-9 Well Court, London, EC4M 9DN.

20 Related party transactions

Details of outstanding amounts due to related parties are disclosed in note 11. Interest expense on the loans from shareholders was £58,793 (2005: £77,137).

The Company has contracts with Emprise Services Limited for the provision of cleaning services and with ISG Technology Limited for the provision of IT network support. Private equity funds managed by the Company are investors in these companies.

In line with Financial Reporting Standard 8 ('Related party disclosures'), the Company has elected not to provide details of dealings with other members of the RJD group of companies.