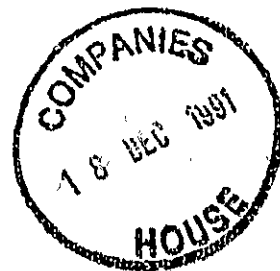


ALAN PATRICO ASSOCIATES LIMITED

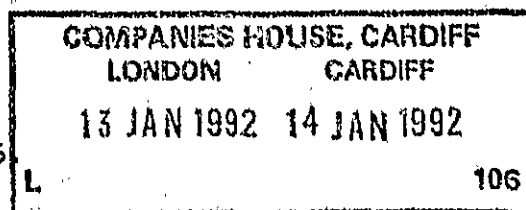
FINANCIAL STATEMENTS — 31 DECEMBER 1990

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

1342446



The company's registered number is 1342446



ALAN PATRICOF ASSOCIATES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1990

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 1990. The company is a subsidiary undertaking of The MMG Patricof Group plc.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW:

The company provides investment management and investment advisory services to venture capital funds, investing primarily in the United Kingdom. It works closely with companies using the APA name in the USA and France and uses the investment banking services of its fellow subsidiary, MMG Patricof & Co. Limited, and other companies using the MMG name in other countries. These other companies have certain directors and shareholders in common.

The increase in turnover and costs reflects the continued growth of activity.

The directors expect turnover and profits to improve in 1991.

RESULTS AND DIVIDENDS:

Results are as follows-

Retained profit at 1 January 1990	£259,940
Profit for the year	15,855

Retained profit at 31 December 1990	£275,795
	=====

The directors do not recommend payment of a dividend.

DIRECTORS' REPORT (Continued)

DIRECTORS AND THEIR INTERESTS:

The directors who served during the year together with their beneficial interests in the shares of the company were-

	<u>Ordinary shares of £1 each</u>	
	<u>31 December 1990</u>	<u>1 January 1990</u>
R.M. Cohen (Chairman)	1	1
A.J. Patricof	-	-
M. Tchenio	-	-
A. Beecroft	121	117
P. Englander	121	58
C.W. Freedman	-	-
A.J. Hale	-	-
I.P. McMonigall (appointed 2 April 1990)	-	-
J.R. Porter	-	-
C.R. Sherling	-	-
C.G.R. Target (appointed 14 March 1990)	-	-
P. Troughton (resigned 8 May 1990)	-	-
J.V. Wilkinson	-	-
R.J. Williams	-	-
	=====	=====

Details of the directors' interests in the transactions of the company are given in Note 15.

The interests of R.M. Cohen, A.J. Patricof, and M. Tchenio in the shares of the ultimate holding company are shown in the financial statements of that company. No other directors had an interest in the share capital of the holding company.

CLOSE COMPANY STATUS:

The company is a close company within the provision of the Income and Corporation Taxes Act 1988.

FIXED ASSETS:

Information relating to changes in tangible fixed assets is given in Note 6 to the accounts.

CALLED-UP SHARE CAPITAL:

Information relating to changes in called-up share capital is given in Note 11 to the accounts.

DIRECTORS' REPORT (Continued)

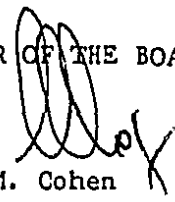
AUDITORS:

The directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen & Co. as auditors for the ensuing year.

24 Upper Brook Street
London W1Y 1PD

29 April 1991

BY ORDER OF THE BOARD,


M. Cohen
Secretary

ARTHUR ANDERSEN & Co.

1 SURREY STREET
LONDON WC2R 2PS

To the Members of ALAN PATRICO ASSOCIATES LIMITED:

We have audited the financial statements on pages 5 to 15 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company at 31 December 1990 and of the profit and source and application of funds for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

London

29 April 1991

Arthur Andersen

ALAN PATRICOF ASSOCIATES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
TURNOVER	1d	£ 2,858,902	£ 2,736,888
Administrative expenses		2,925,561	2,856,704
OPERATING LOSS		(66,659)	(119,816)
Interest receivable	2	132,853	169,159
Interest payable and similar charges	2	(9,689)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	56,505	49,343
Tax on profit on ordinary activities	5	(40,650)	(37,025)
PROFIT FOR THE FINANCIAL YEAR		15,855	12,318
RETAINED PROFIT at 1 January 1990		259,940	247,622
RETAINED PROFIT at 31 December 1990		£ 275,795	£ 259,940

A statement of movement on reserves is given in note 12.

The accompanying notes are an integral part of this profit and loss account.

ALAN PATRICOFF ASSOCIATES LIMITED

BALANCE SHEET -- 31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
FIXED ASSETS			
Tangible assets	1b&6	<u>£ 113,826</u>	<u>£ 105,999</u>
CURRENT ASSETS			
Debtors	7	319,336	218,391
Cash at bank and in hand		<u>422,861</u>	<u>1,009,637</u>
		742,197	1,228,028
CREDITORS: Amounts falling due within one year	8	<u>(532,474)</u>	<u>(1,037,317)</u>
NET CURRENT ASSETS		<u>209,723</u>	<u>190,711</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		323,549	296,710
CREDITORS: Amounts falling due after more than one year	9	(13,869)	(12,074)
PROVISION FOR LIABILITIES AND CHARGES	10	(501)	(501)
NET ASSETS		<u>£ 309,179</u>	<u>£ 284,135</u>
CAPITAL AND RESERVES			
Called-up share capital	11	£ 1,213	£ 1,175
Share premium account	12	32,171	23,020
Profit and loss account	12	<u>275,795</u>	<u>259,940</u>
TOTAL CAPITAL EMPLOYED		<u>£ 309,179</u>	<u>£ 284,135</u>

SIGNED ON BEHALF OF THE BOARD

R.M. Cohen

A. Beecroft

29 April 1991

Directors

The accompanying notes are an integral part of this balance sheet.

ALAN PATRICO ASSOCIATES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1990

	<u>1990</u>	<u>1989</u>
SOURCE OF FUNDS		
Profit on ordinary activities after taxation	£ 15,855	£ 12,318
Add (deduct) items not involving the movement of funds		
- movement in deferred income	16,430	(1,064)
- depreciation	51,085	46,071
- gain on disposals of fixed assets	-	(8,000)
- movement in deferred taxation	-	(2,938)
Total funds from operations	83,370	46,387
Proceeds from issue of shares	9,189	-
Proceeds from disposals of tangible fixed assets	-	8,000
Increase in loans from lessors falling due within one year	10,480	12,074
Increase in loans from lessors falling due after more than one year	1,795	-
	£ 104,834	£ 66,461
	=====	=====
APPLICATION OF FUNDS		
Purchase of tangible fixed assets at cost	£ 58,912	£ 62,716
Increase in net current assets, as shown below	45,922	3,745
	£ 104,834	£ 66,461
	=====	=====
INCREASE IN NET CURRENT ASSETS		
Debtors	£ 100,945	£(175,060)
Creditors falling due within one year (other than deferred income and loans from lessors)	531,753	(234,547)
	632,698	(409,607)
Movement in net liquid funds		
- cash at bank and in hand	(586,776)	413,352
	£ 45,922	£ 3,745
	=====	=====

The accompanying notes are an integral part of this statement.

ALAN PATRICOF ASSOCIATES LIMITED

NOTES TO FINANCIAL STATEMENTS -- 31 DECEMBER 1990

1. ACCOUNTING POLICIES:

The principal accounting policies are--

a) Basis of accounting

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared in accordance with applicable accounting standards.

b) Tangible fixed assets

Fixed assets are shown at cost, less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets on a straight-line basis over their estimated useful lives as follows--

Leasehold improvements	- 20%
Fixtures and fittings	- 20%
Motor vehicles (owned)	- 25%
(held under finance lease)	- lease term

c) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation represents the amounts required to allow for the effect of certain items of income and expense (primarily depreciation) being attributable for tax purposes to periods different from those in which credits or charges are recorded in the accounts. Deferred tax is provided on such timing differences, using the rate of tax expected to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

d) Turnover

Turnover comprises the value (excluding VAT) of services in the normal course of business and the partnership income share referred to in Note 16.

The analysis of turnover by geographical area has been omitted.

e) Deferred income and accrued income

Deferred income represents amounts received in respect of fees due for periods subsequent to the balance sheet date. Accrued income represents fees due for the current period received subsequent to the balance sheet date.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. ACCOUNTING POLICIES (Continued):

f) Leases

The company enters into operating and finance leases as described in Note 13.

Assets held under finance leases are initially reported at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability. Rentals under operating leases are charged on a straight-line basis over the lease term.

g) Pensions

The company provides pensions to two directors through personal pension schemes. All are defined contribution schemes and the assets are held independently of the group by insurance companies. The amount charged to the profit and loss account is the contributions payable during the year. Further information on pension costs is provided in note 14.

2. INTEREST:

	<u>1990</u>	<u>1989</u>
Interest payable and similar charges represents-		
Interest on finance leases	£ 9,689	£ -
	=====	=====

Interest receivable represents interest on cash deposits except for £Nil (1989 - £30,008) which arose on a loan to The MMG Patricof Group plc.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

Profit on ordinary activities before taxation is stated after charging-

	<u>1990</u>	<u>1989</u>
a) Depreciation		
- owned	£ 41,052	£ 38,826
- held under finance lease	10,033	7,245
b) Auditors' remuneration	7,000	9,000
c) Staff costs (see Note 4)	1,639,572	1,147,567
	=====	=====

NOTES TO FINANCIAL STATEMENTS (Continued)

4. STAFF COSTS:

Particulars of employee costs (including executive directors) are as shown below-

	<u>1990</u>	<u>1989</u>
Employee costs during the year amounted to-		
Wages and salaries	£1,539,386	£1,070,018
Social security costs	86,479	70,592
Other pension costs	13,707	6,957
	-----	-----
	£1,639,572	£1,147,567
	=====	=====

The average monthly number of persons employed by the company during the year was as follows-

	<u>Number</u>	<u>Number</u>
Investment advice and analysis	9	9
Administration	4	4
	===	===

In addition to the above persons, the company has access to the services of the chairman for investment advice and thirteen administration and support staff employed by The MMG Patricof Group plc, which makes a charge for their services.

Directors' remuneration-

Directors' remuneration was paid in respect of directors of the company as follows-

	<u>1990</u>	<u>1989</u>
Other emoluments (including pension contributions)	£1,364,395	£ 825,210
	-----	-----
	£1,364,395	£ 825,210
	=====	=====

The directors' remuneration shown above (excluding pensions and pension contributions) included-

Chairman	£ 269,178	£ -
	=====	=====
Highest paid director (other than chairman in 1990)	£ 235,485	£ 227,048
	=====	=====

The chairman draws his remuneration from The MMG Patricof Group plc which makes a management charge in respect of the chairman's services and other shared facilities. In 1989, it was not possible to identify separately the amount of the chairman's emoluments and therefore details of his emoluments in that year are excluded from the above details of directors' emoluments.

NOTES TO FINANCIAL STATEMENTS (Continued)

4. STAFF COSTS (Continued):

Other directors received emoluments (excluding pensions and pension contributions) in the following ranges-

	<u>Number</u>	<u>Number</u>
Up to £ 5,000	4	4
£ 20,001 - £ 25,000	-	1
£ 25,001 - £ 30,000	1	-
£ 55,001 - £ 60,000	1	-
£ 70,001 - £ 75,000	1	1
£ 80,001 - £ 85,000	1	1
£110,001 - £115,000	-	1
£115,001 - £120,000	1	-
£125,001 - £130,000	-	1
£135,001 - £140,000	1	-
£140,001 - £145,000	1	-
£165,001 - £170,000	-	1
£195,001 - £200,000	1	-
	===	===

The above details of directors' emoluments include amounts paid to A.J. Hale and J.V. Wilkinson under contracts for service and £120,000 paid to Consultants 2000 Limited in respect of the services of C.W. Freedman.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES:

The tax charge is based on the profit for the year and comprises-

	<u>1990</u>	<u>1989</u>
Corporation tax at 35% (1989 - 35%)	£ 52,650	£ 36,000
Deferred tax arising from - capital allowances	-	(2,938)
Adjustment of current taxation in respect of prior years	(12,000)	3,963
	£ 40,650	£ 37,025
	=====	=====

NOTES TO FINANCIAL STATEMENTS (Continued)

6. TANGIBLE FIXED ASSETS:

The movement in the net book value of tangible fixed assets for the year was as follows-

	<u>Leasehold improvements</u>	<u>Motor vehicles</u>	<u>Furniture and fittings</u>	<u>Total</u>
COST-				
Beginning of year	£ 2,000	£ 44,978	£209,122	£256,100
Additions	-	22,850	36,062	58,912
Disposals	-	-	-	-
End of year	2,000	67,828	245,184	315,012
DEPRECIATION-				
Beginning of year	2,000	23,245	124,856	150,101
Charge	-	10,033	41,052	51,085
Disposals	-	-	-	-
End of year	2,000	33,278	165,908	201,186
NET BOOK VALUE				
Beginning of year	£ -	£ 21,733	£ 84,266	£105,999
End of year	£ -	£ 34,550	£ 79,276	£113,826

The net book value of motor vehicles at 31 December 1990 includes £34,550 (1989 - £21,733) held under finance leases.

7. DEBTORS:

The following amounts are included in the net book value of debtors falling due within one year-

	<u>1990</u>	<u>1989</u>
Trade debtors	£ 117,118	£ 78,469
Amounts owed by other group undertakings	-	20,699
Amounts owed by affiliated companies (see Note 15)	1,535	2,030
VAT	22,863	-
Other debtors	96,901	31,721
Prepayments	520	3,358
Accrued income	80,399	82,114
	<u>£ 319,336</u>	<u>£ 218,391</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

8. CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR:

The following amounts are included in creditors falling due within one year-

	<u>1990</u>	<u>1989</u>
Obligations under finance leases	£ 20,139	£ 9,659
Trade creditors	101,977	112,562
Amounts owed to other group undertakings	121,849	552,890
Other creditors		
- UK corporation tax payable	76,474	147,184
- social security and PAYE	31,342	28,986
- other creditors	80,000	-
Accruals	55,577	157,350
Deferred income	45,116	28,686
	<u>£ 532,474</u>	<u>£1,037,317</u>
	=====	=====

9. CREDITORS- AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR-

The following amounts are included in creditors falling due after more than one year-

	<u>1990</u>	<u>1989</u>
Obligations under finance leases repayable		
- within 1-2 years	£ 11,632	£ -
- within 2-5 years	2,237	12,074
	<u>£ 13,869</u>	<u>£ 12,074</u>
	=====	=====

10. PROVISION FOR LIABILITIES AND CHARGES:

The provision for liability and charges comprises deferred taxation attributable to the excess of tax allowances over book depreciation of fixed assets. Full provision has been made for all timing differences.

The movement on deferred taxation comprises-

	<u>1990</u>	<u>1989</u>
Beginning of year	£ 501	£ 3,439
Credited to profit and loss in respect of		
- capital allowances	-	(2,938)
End of year	<u>£ 501</u>	<u>£ 501</u>
	=====	=====

NOTES TO FINANCIAL STATEMENTS (Continued)

11. CALLED-UP SHARE CAPITAL:

	<u>1990</u>	<u>1989</u>
Authorised-		
10,000 ordinary shares of £1 each	£ 10,000 =====	£ 10,000 =====
Allotted, called-up and fully-paid-		
1,213 ordinary shares of £1 each	£ 1,213 =====	£ 1,175 =====

During the year the company allotted 38 ordinary shares with a nominal value of £1 each at a premium of £240.81 per share for cash to two directors. Consideration of £9,189 was received.

In the event that the company makes a further issue of ordinary shares or places ordinary shares under option, The MMG Patricof Group plc has contracted to offer certain directors the opportunity to maintain their percentage interest in the company by subscribing for shares or acquiring options, or by purchasing shares already in issue.

12. RESERVES:

	<u>Share premium account</u>	<u>Profit and loss account</u>	<u>Total</u>
Beginning of year	£ 23,020	£ 259,940	£ 282,960
Premium on allotments	9,151	-	9,151
Retained profit for the year	-	15,855	15,855
End of year	£ 32,171 =====	£ 275,795 =====	£ 307,966 =====

13. GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

a) Capital commitments

There were no capital commitments at the end of the year (1989 - £Nil).

b) Lease commitments

The company has entered into lease agreements with respect to motor vehicles, the payments of which extend up to 3 years. The amounts payable under finance leases are disclosed in Notes 8 and 9.

The minimum annual rentals under operating leases are as follows-

	<u>1990 Motor vehicles</u>	<u>1989 Motor vehicles</u>
Operating leases which expire		
- within 1 year	£ 2,505	£ -
- within 2-5 years	11,412	15,315
	£ 13,917 =====	£ 15,315 =====

NOTES TO FINANCIAL STATEMENTS (Continued)

13. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (Continued):

c) VAT

The company is registered for VAT purposes in a group of companies which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group would give rise to additional liabilities for the company. The directors have no reason to expect that the group companies will fail to meet their VAT obligations.

14. PENSION COMMITMENTS:

The company operates a defined contribution pension scheme in respect of two (1989 - one) directors and no employees (1989 - nil). The current year contributions amount to £13,707 (1989 - £6,957).

15. TRANSACTIONS WITH RELATED PARTIES:

Directors of the company have interests in group and affiliated companies as follows. Affiliated companies are companies which share common ownership with the ultimate holding company.

a) R.M. Cohen, A.J. Patricof and M. Tchenio are shareholders in APA Venture Capital Managers (Jersey) Limited; in 1990 the company received fees from APA Venture Capital Managers (Jersey) Limited of £1,037,659 (1989 - £1,115,907) for services rendered.

b) R.M. Cohen, A.J. Patricof and M. Tchenio are shareholders in The MMG Patricof Group plc; in 1990 the company paid fees to The MMG Patricof Group plc of £1,001,556 (1989 - £1,241,050) for administration and support services.

16. PARTNERSHIP INCOME SHARE AND CONTINGENT LIABILITY:

The company is a general partner in four limited partnerships operating as venture capital investment funds. The company is entitled to a guaranteed income participation, but does not otherwise participate in the partnership assets. If, upon the winding up of the partnerships, the liabilities of any of the partnerships exceed the limited partners' capital and loans, the company is liable for the shortfall of assets. The directors are of the opinion that no liability is likely to arise in this respect.

17. ULTIMATE PARENT COMPANY:

The company is a subsidiary undertaking of The MMG Patricof Group plc, registered in England and Wales.

The group in which the results of Alan Patricof Associates Limited are consolidated is that headed by The MMG Patricof Group plc. The consolidated accounts of this group will be filed with the Registrar in accordance with the requirements of the Companies Act.