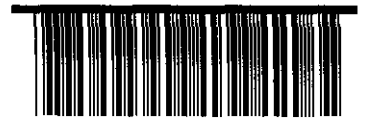


Company Registration No: 1977742

**TOP TECHNOLOGY LIMITED**

**DIRECTORS' REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 MARCH 2000**



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COMPANIES HOUSE 30/01/01  
COMPANIES HOUSE 30/01/01

***Saffery Champness***  
CHARTERED ACCOUNTANTS

# TOP TECHNOLOGY LIMITED

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### Appendix

- I Hambros Advanced Technology Trust II Limited Partnership
  - II HATT II (1993) Limited Partnership
  - III HATT III LP
-

# **TOP TECHNOLOGY LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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<b>Directors</b>	PD Hill-Wood (Chairman) HE Fitzgibbons (Managing Director) DP Gibbs AS Miles
<b>Secretary</b>	CJ Wise
<b>Registered number</b>	1977742
<b>Registered office</b>	20-21 Tooks Court Curistor Street London EC4A 1LB
<b>Auditors</b>	Saffery Champness Fairfax House Fulwood Place Gray's Inn London WC1V 6UB

# TOP TECHNOLOGY LIMITED

## DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements for the year ended 31 March 2000.

### Results and dividends

The results of the group for the year are set out on page 7 and may be summarised as follows:

	2000 £	1999 £
Profit on ordinary activities after taxation	79,709	90,843
Equity minority interests	20,811	-
Profit on ordinary activities attributable to the members of the group	100,520	90,843
Ordinary dividends	(64,000)	(78,000)
Retained profit for the year	36,520	12,843

### Proposed dividend

An interim dividend of £64,000 (1999: £78,000) was paid for the year. No final dividend was proposed at the year end.

### Change of ownership

At 1 April 1999, the company was 51% owned by Investec Group Investments (UK) Limited, a wholly owned subsidiary of Investec Holdings Limited, which is part of an international investment and private banking group based in the Republic of South Africa. On 14 May 1999, Investec Group Investments (UK) Limited sold its entire holding of 102,000 £1 ordinary shares of Top Technology Limited, representing 51% of the company's equity, to Mr H E Fitzgibbons, a director of Top Technology Limited. The remaining 98,000 £1 ordinary shares remain owned by Top Technology Holdings Inc, a company controlled by Mr Fitzgibbons.

There have been no further changes in ownership up to the date of this report.

### Business review

The principal activities of the Group and the company during the year were to act as investment managers and advisors to companies and partnerships, and will continue to be so in the coming year.

Listed below are details of the companies and partnerships either managed or advised during the year:

Company/partnership	Type of agreement	Business
Hambros Advanced Technology Trust II LP	Investment management and administrative services	A UK Limited partnership formed to achieve long term capital growth by making equity investments in relatively early stage British high technology ventures.
HATT II (1993) LP	Investment management and administrative services	A UK Limited partnership formed to achieve long term capital growth by making equity investments in relatively early stage British high technology ventures.

## TOP TECHNOLOGY LIMITED

### DIRECTORS' REPORT (continued)

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#### Business review (continued)

HATT III LP	Investment management and administrative services	A UK Limited partnership formed to achieve long term capital growth by making equity investments in relatively early stage British high technology ventures.
The Russian Technology Fund LP	Advisory	A Delaware limited partnership formed to achieve long term capital growth by making equity investments in high technology ventures in the St Petersburg region.
Crescent Capital NI Limited	Advisory	Investment managers of Hambro Northern Ireland Ventures, a limited partnership established in October 1995.
Uni-invest Special Aktier	Investment management	A portfolio of co-investments made alongside HATT III LP

Top Technology Limited is a member of the Investment Management Regulatory Organisations Limited ("IMRO").

#### Charitable donations

During the year the Group made charitable donations amounting to £17,660 (1999: £2,830). No political contributions were made in the year.

#### Directors and directors' interests

The directors who held office at the year end were as follows:

PD Hill-Wood	(Chairman)
HE Fitzgibbons	(Managing Director)
DP Gibbs	
Mrs AS Miles	appointed 29 July 1999

AR Hambro resigned as a director of the Company on 14 May 1999.

According to the register of directors' interests, none of the directors had any disclosable interests in the shares, debentures or options of the company or other UK group companies, save for Mr Fitzgibbons who is, and was throughout the year under review, the beneficial owner of Top Technology Holdings Incorporated, which owns 49% of Top Technology Limited (31 March 1999: 49%). On 14 May 1999, Mr Fitzgibbons purchased the remaining 51% of Top Technology Limited, formerly owned by Investec Group Investments (UK) Limited, thereby controlling all of the issued £1 ordinary shares of the Company.

#### Auditors

KPMG Audit Plc resigned as the company's auditors during the year. The company appointed Saffery Champness as auditors during the year by Special Resolution.

## TOP TECHNOLOGY LIMITED

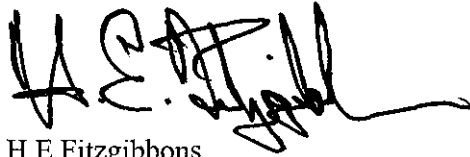
### DIRECTORS' REPORT

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#### **Elective regime**

The Company has passed an elective resolution pursuant to Section 379A of the Companies Act 1985 dispensing with the holding of annual general meetings, the laying of annual reports and financial statements before the shareholders in general meeting, and the re-appointment of auditors by the company. Accordingly, Saffery Champness are deemed to be re-appointed as auditors of the company for each succeeding year.

By order of the board

A handwritten signature in black ink, appearing to read 'H E Fitzgibbons', with a long, sweeping horizontal stroke extending to the right.

H E Fitzgibbons  
Director

## **TOP TECHNOLOGY LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

---

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 group 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:
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and to prevent and detect fraud and other irregularities.

# TOP TECHNOLOGY LIMITED

## REPORT OF THE AUDITORS TO THE MEMBERS

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We have audited the financial statements on pages 8 to 21.

### **Respective responsibilities of directors and auditors**

As described page 5, the company's directors are responsible for the preparation of financial statements.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information of the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditors

.....  
Fairfax House  
Fulwood Place  
Gray's Inn  
London  
WC1V 6UB

31 August 2000



**TOP TECHNOLOGY LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2000**

	Note	2000 £	1999 £
<b>Group Turnover</b>	2	1,166,338	1,120,458
Administrative expenses		(994,944)	(1,047,054)
Other operating income	6	26,948	55,377
Amounts written off fixed asset investments	1(c)	-	(11,550)
<b>Group operating profit</b>	3	198,342	117,231
Share of operating (loss)/profit in associate		(25,895)	7,464
<b>Total operating profit</b>		172,447	124,695
Other interest receivable and similar income	7	44,819	14,066
<b>Profit on ordinary activities before taxation</b>		217,118	138,761
Tax on profit on ordinary activities	8	(137,557)	(47,918)
<b>Profit on ordinary activities after taxation</b>		79,709	90,843
Minority interests - equity		20,811	-
<b>Profit on ordinary activities attributable to the members of Top Technology Limited</b>		100,520	90,843
Dividends on equity shares	9	(64,000)	(78,000)
<b>Retained profit for the year</b>	17	36,520	12,843

The notes on pages 12 to 21 form part of these financial statements.

All the above activities were continuing operations in the current and preceding year.

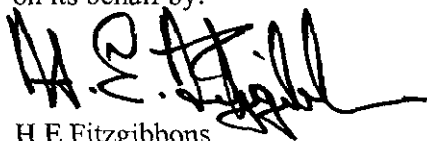
**TOP TECHNOLOGY LIMITED**

**CONSOLIDATED BALANCE SHEET  
AT 31 MARCH 2000**

	Note	2000 £	£	1999 £	£
<b>Fixed assets</b>					
Tangible assets	11		52,374		73,946
Investments	12		318,981		153,060
Investments in associate	12		-		24,843
			<u>371,355</u>		<u>251,849</u>
<b>Current assets</b>					
Debtors	13	137,766		302,377	
Cash at bank and in hand		<u>372,902</u>		<u>12,580</u>	
		510,668		314,957	
<b>Creditors: amounts falling due within one year</b>	14	<u>(410,412)</u>		<u>(78,474)</u>	
<b>Net current assets</b>			<u>100,256</u>		<u>236,483</u>
<b>Total assets less current liabilities</b>			471,611		488,332
<b>Provisions for liabilities and charges</b>	15		<u>(6,818)</u>		<u>(192,910)</u>
			464,793		295,422
<b>Minority interests - Equity</b>			<u>20,811</u>		<u>-</u>
<b>Net assets</b>			<u>485,604</u>		<u>295,422</u>
<b>Capital and reserves</b>					
Called up share capital	16		200,000		200,000
Revaluation reserve	17		191,529		37,867
Profit and loss reserve	17		94,075		57,555
<b>Equity shareholders' funds</b>			<u>485,604</u>		<u>295,422</u>

The notes on pages 12 to 21 form part of these financial statements

These financial statements were approved by the board of directors on **31 AUGUST 2000** and were signed on its behalf by:



H E Fitzgibbons  
Director

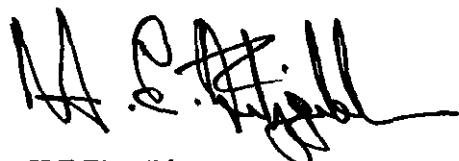
**TOP TECHNOLOGY LIMITED**

**COMPANY BALANCE SHEET  
AT 31 MARCH 2000**

	Notes	2000		1999	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		52,374		73,946
Investments	12		259,392		214,422
			<u>311,766</u>		<u>288,368</u>
<b>Current assets</b>					
Debtors	13	215,202		379,811	
Cash at bank and in hand		<u>305,039</u>		<u>4,440</u>	
		520,241		384,251	
Creditors: amounts falling due within one year	14	(447,482)		(377,197)	
Net current assets			<u>72,759</u>		<u>7,054</u>
<b>Total assets less current liabilities</b>			384,525		295,422
<b>Provisions for liabilities and charges</b>	15		(6,818)		-
<b>Net assets</b>			<u><u>377,707</u></u>		<u><u>295,422</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		200,000		200,000
Revaluation reserve	17		97,072		74,496
Profit and loss account	17		<u>80,635</u>		<u>20,926</u>
<b>Equity Shareholders' funds</b>			<u><u>377,707</u></u>		<u><u>295,422</u></u>

The notes on pages 12 to 21 form part of these financial statements.

These financial statements were approved by the board of directors on 31 March 2000 and were signed on its behalf by:



H E Fitzgibbons  
Director

**TOP TECHNOLOGY LIMITED****CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2000**

	Note	2000 £	£	1999 £	£
<b>Net cash inflow from operating activities</b>	20		421,770		45,863
<b>Return on investments and servicing of finance</b>					
Investment income received		44,671		14,066	
Interest paid		<u>-</u>		<u>-</u>	
<b>Net cash inflow from returns on investments and servicing of finance</b>			44,671		14,066
Taxation paid			-		(34,549)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets	11	(18,237)		(15,340)	
Proceeds from disposal of tangible fixed assets		8,352		-	
Purchase of fixed asset investments	12	(75,000)		(50,000)	
Proceeds from disposal of fixed asset investments		<u>42,766</u>		<u>-</u>	
<b>Net cash outflow from capital expenditure and financial management</b>			(42,119)		(65,340)
Equity dividends paid			<u>(64,000)</u>		<u>(78,000)</u>
<b>Increase/(decrease) in cash in the year</b>	21		<u>360,322</u>		<u>(117,960)</u>

The notes on pages 12 to 21 form part of these accounts.

**TOP TECHNOLOGY LIMITED****CONSOLIDATED STATEMENT OF TOTAL RECOGNISED  
GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2000**

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	2000 £	1999 £
Retained profit for the year	36,520	12,843
Unrealised surplus/(deficit) on revaluation of investments	153,662	(11,008)
Prior period adjustment	-	43,912
<b>Total recognised gains relating to the financial year</b>	<u>190,182</u>	<u>45,979</u>

**RECONCILIATIONS OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 31 MARCH 2000**

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Profit for the financial year	100,520	90,843	123,709	78,896
Dividends	(64,000)	(78,000)	(64,000)	(78,000)
Revaluation reserve (note 17)	<u>153,662</u>	<u>(11,008)</u>	<u>22,576</u>	<u>939</u>
Net addition to shareholders' funds	190,182	1,835	82,285	1,835
Opening shareholders' funds	<u>295,422</u>	<u>293,587</u>	<u>295,422</u>	<u>293,587</u>
Closing shareholders' funds	<u>485,604</u>	<u>295,422</u>	<u>377,707</u>	<u>295,422</u>

# TOP TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000

---

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting convention modified by the inclusion of investments on a revalued basis.

#### (a) Basis of consolidation

The group accounts consolidate the accounts of Top Technology Limited and its subsidiary undertakings for the year ended 31 March 2000 except for interests in certain venture capital limited partnerships (see note 12).

An associate is an undertaking in which the group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. The group's share of the profits less losses of associates is included in the consolidated profit and loss account, and its interest in their net assets is included in investments in the consolidated balance sheet.

Under section 230 of the Companies Act 1985, the company is exempt from the requirement to present its own profit and loss account.

#### (b) Depreciation and amortisation

Depreciation and amortisation are provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Motor vehicles	-	25% per annum on cost
Furniture and equipment	-	15% per annum on cost
Leasehold premises	-	over 5 years

#### (c) Investments

Investments are stated at the company's share of net assets in these undertakings. In the opinion of directors, this is the fairest way of reflecting the company's interests in these undertakings.

#### (d) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### (e) Operating leases

Rentals due under operating leases are charged on a straight line basis over the lease term.

# TOP TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000 (continued)

(f) **Foreign currencies**

Foreign currency assets and liabilities are translated into sterling at the rate of exchange ruling on the balance sheet date. Any profits or losses on foreign currency held are taken to the profit and loss account.

(g) **Pension scheme**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

### 2 Turnover

Turnover represents the invoiced amounts for management and consultancy fees and for providing directorships for companies in which investments are made by Hambros Advanced Technology Trust II Limited Partnership, HATT II (1993) Limited Partnership, HATT III Limited Partnership, The Russian Technology Fund Limited, Hambro Northern Ireland Venture Managers Limited and Uni-invest Special Aktier.

Advanced priority profit share (being the excess of the amount receivable under partnership agreements and the amounts available for distribution in the accounts of limited partnerships) receivable as General Partner is included in turnover as, in the opinion of the directors, the advances will not become repayable to the partnership. In accordance with FRS 5 - Reporting the Substance of Transactions, the advance priority profit share debtors and creditors are netted off against each other in the group's balance sheet.

### 3 Operating profit

Operating profit is stated after charging/(crediting) the following:

	2000 £	1999 £
Auditors' remuneration:		
Audit	19,000	28,000
Non-audit	1,000	-
Depreciation	29,423	31,618
Equipment rental and leasing costs	792	201
Other operating leases	27,510	27,510
Loss on sale of fixed assets	2,034	-
Gain on disposal of fixed asset investments	(34,904)	-
Exchange (gain)/loss	<u>(1,339)</u>	<u>2,376</u>

### 4 Remuneration of directors

	2000 £	1999 £
Directors' emoluments	222,320	165,268
Pension contributions to money purchase scheme	<u>33,700</u>	<u>24,989</u>
	<u>256,020</u>	<u>190,257</u>

# TOP TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000 (continued)

### 4 Remuneration of directors (continued)

The emoluments of the highest paid director were £239,396 (1999: £183,257) including pension contributions of £33,700 (1999: £24,989) made to a money purchase scheme on his behalf.

Retirement benefit is accruing to one director (1999: one) under a money purchase scheme.

### 5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year was as follows:

	Number of employees	
	2000	1999
Office and management	<u>6</u>	<u>7</u>

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£	£
Wages and salaries	489,447	460,730
Social security costs	58,179	48,336
Other pension costs (note 19)	73,501	68,504
	<u>621,127</u>	<u>557,570</u>

### 6 Other operating income

	2000	1999
	£	£
Expense recharged to clients	26,948	45,541
Other	-	9,836
	<u>26,948</u>	<u>55,377</u>

### 7 Other interest receivable and similar income

	2000	1999
	£	£
Bank interest received	7,719	12,018
Investment income	37,100	2,048
	<u>44,819</u>	<u>14,066</u>



**TOP TECHNOLOGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2000 (continued)**

<b>8 Taxation</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
UK corporation tax at 30% (1999:31%)	166,169	-
Under provision in prior years	157,480	-
Deferred taxation	(186,092)	47,918
	<u>137,557</u>	<u>47,918</u>

<b>9 Dividends</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Ordinary shares:		
Interim dividend paid - 32p (1999: 39p) per share	<u>64,000</u>	<u>78,000</u>

**10 Profit of the parent company**

As required by Section 230(4) of the Companies Act 1985, the profit for the year of the parent company was £123,709 (1999: £78,896).

**11 Tangible fixed assets**

<b>Group and Company</b>	<b>Leasehold Premises</b>	<b>Office furniture &amp; equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 31 March 1999	6,000	137,760	101,768	245,528
Additions	-	3,512	14,725	18,237
Disposals	-	(1,424)	(32,138)	(33,562)
<b>At 31 March 2000</b>	<u>6,000</u>	<u>139,848</u>	<u>84,355</u>	<u>230,203</u>
<b>Depreciation</b>				
At 31 March 1999	6,000	113,389	52,193	171,582
Charge for the year	-	5,911	23,512	29,423
Disposals	-	(107)	(23,069)	(23,176)
<b>At 31 March 2000</b>	<u>6,000</u>	<u>119,193</u>	<u>52,636</u>	<u>177,829</u>
<b>Net book value</b>				
<b>At 31 March 2000</b>	<u>-</u>	<u>20,655</u>	<u>31,719</u>	<u>52,374</u>
<b>At 31 March 1999</b>	<u>-</u>	<u>24,371</u>	<u>49,575</u>	<u>73,946</u>

The cost of office furniture and equipment includes an amount of £102,688 (1999: £96,159) which is fully depreciated.

**TOP TECHNOLOGY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2000 (continued)****12 Fixed asset investments - other investments**

<b>Group</b>	<b>Cost £</b>	<b>Valuation £</b>
At 1 April 1999	131,706	153,060
Additions	75,000	75,000
Disposals	(66,050)	(62,741)
Revaluation in the year	-	153,662
At 31 March 2000	<u>140,656</u>	<u>318,981</u>

The Group manages as general partner certain venture limited partnerships in which it has a minority interest. These partnerships are subsidiary undertakings and under the terms of the Companies Act 1985 should be consolidated in full. The directors consider that the accounts would not give a true and fair view if the assets and income as a whole were to be consolidated since the company's interest in these assets is merely that of investment managers. Had the accounts been consolidated, the directors would have invoked a true and fair override and proportionately consolidated these partnerships.

However, as set out in note 1, these financial statements include only the Group's share of net assets in these partnerships as the effect of this treatment on the accounts compared with the position shown under proportional consolidation is immaterial. Due to the adoption of this treatment, copies of the latest accounts of each of these partnerships are appended to these accounts:

- Hambros Advanced Technology Trust II Limited Partnership
- HATT II (1993) Limited Partnership
- HATT III Limited Partnership

<b>Company</b>	<b>Cost £</b>	<b>Valuation £</b>
At 31 March 1999	173,869	214,422
Additions	51,198	51,198
Disposals	(42,640)	(65,937)
Revaluation in the year	-	59,709
At 31 March 2000	<u>182,427</u>	<u>259,392</u>

**TOP TECHNOLOGY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2000 (continued)****12 Fixed asset investments (continued)**

The subsidiary undertakings in which the company's interest at the year end is more than 20% are as follows:

	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class and percentage of shares held</b>
HATT II General Partner Limited	United Kingdom	Management of venture capital investments	50.1% of £1 ordinary shares
HATT III General Partner Limited	United Kingdom	Management of venture capital investments	50.1% of £1 ordinary shares

The entity treated as associate, and which was entirely disposed of at the year end, is as follows:

RTF Management Limited	Jersey	Management of investments	50% of £1 ordinary shares
------------------------	--------	------------------------------	---------------------------------

**13 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	-	-	84,255	84,255
Other debtors	70,740	95,975	63,921	89,156
Prepayments and accrued income	22,926	44,300	22,926	44,300
Amounts owed by shareholders	-	118,000	-	118,000
ACT recoverable	44,100	44,100	44,100	44,100
	<u>137,766</u>	<u>302,377</u>	<u>215,202</u>	<u>379,811</u>

**14 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	-	-	36,892	-
Group relief	-	-	252,870	318,665
Corporation tax	280,763	-	76,172	-
Other creditors	41,351	14,442	-	-
Accruals and deferred income	88,298	64,032	81,548	58,532
	<u>410,412</u>	<u>78,474</u>	<u>447,482</u>	<u>377,197</u>

# TOP TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000 (continued)

### 15 Provisions for liabilities and charges

	Group		Company	
	2000	1999	2000	1999
		£	£	
Deferred taxation				
At 1 April 1999	(192,910)	(144,991)	-	-
Credit/(charge) for the year	186,092	(47,919)	(6,818)	-
At 31 March 2000	<u>(6,818)</u>	<u>(192,910)</u>	<u>(6,818)</u>	<u>-</u>

Deferred tax is provided as follows:

At 1 April 1999	(192,910)	(144,991)	-	-
Timing difference on advance				
Priority Profit Share	506,458	(209,780)	-	-
(Deficiency)/excess of management				
expenses carried forward	(309,497)	157,810	-	-
Accelerated capital allowances	(6,818)	-	(6,818)	-
Rate change	(4,051)	4,051	-	-
At 31 March 2000	<u>(6,818)</u>	<u>(192,910)</u>	<u>(6,818)</u>	<u>-</u>

There was no unprovided deferred taxation as at 31 March 2000 (1999: £4,270).

### 16 Called up share capital

	2000	1999
	£	£
Authorised, allotted, called up and fully paid		
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

### 17 Reserves

Group	Revaluation reserve £	Profit and loss account £
At 1 April 1999	37,867	57,555
Transfer from profit and loss account for the year	-	90,317
Revaluation in the year	<u>153,662</u>	<u>-</u>
At 31 March 2000	<u>191,529</u>	<u>147,872</u>
Company	Revaluation reserve £	Profit and loss account £
At 1 April 1999	74,496	20,926
Transfer from profit and loss account for the year	-	59,709
Revaluation in the year	<u>22,576</u>	<u>-</u>
At 31 March 2000	<u>97,072</u>	<u>80,635</u>

# TOP TECHNOLOGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000 (continued)

### 18 Commitments and contingent liabilities

(a) Operating lease commitments - Group and Company

	2000 £	1999 £
Land and Buildings		
Operating leases which expire:		
In the second to fifth years inclusive	<u>27,510</u>	<u>27,510</u>

(b) Contingent liability

The group has a contingent liability in the form of an undrawn commitment to HATT III LP amounting to £25,000 (1999: £101,918).

The group and the company have no capital commitments at the balance sheet date.

### 19 Pension Scheme - Group and Company

The group operates a defined contribution scheme. The pension cost charge for the year represents contributions payable by the group to the fund and amounted to £73,501 (1999: £68,504).

Contributions to the fund amounting to £23,509 (1999: £953) were outstanding as at 31 March 2000 and are included in creditors.

### 20 Reconciliation of operating profit to operating cash flows

	2000 £	1999 £
Operating profit	198,342	117,231
Amounts written off fixed asset investments	-	11,550
Depreciation	29,423	31,615
Decrease/(increase) in debtors	155,649	(146,559)
Increase in creditors	67,226	32,026
Loss on disposal of fixed assets	2,034	-
Gain on disposal of fixed asset investments	<u>(30,904)</u>	<u>-</u>
Net cash inflow from operating activities	<u>421,770</u>	<u>45,863</u>

### 21 Analysis of net debt

	1 April 1999 £	Cash Flow £	31 March 2000 £
Cash in hand, at bank	<u>12,580</u>	<u>360,322</u>	<u>372,902</u>

## TOP TECHNOLOGY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000 (continued)

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#### 22 Related party transactions

Details of the directors of Top Technology Limited ("TTL") are given on page 3. Their beneficial interests in TTL, its parent companies and its subsidiaries are also given on page 3. Directors' remuneration is disclosed in note 4.

HE Fitzgibbons, a director of TTL, is the beneficial owner of Top Technology Holdings Incorporated which held 98,000 shares representing an aggregate 49% of the total issued ordinary share capital of TTL at 31 March 2000.

Until 14 May 1999, TTL was 51% owned by Investec Group Investments (UK) Limited (formerly Hambro Group Investments Ltd), a subsidiary undertaking of Investec Holdings Limited.

Pension contributions were made for certain directors and employees into Top Technology Pension Plan, a defined contribution scheme managed by Guinness Flight Exempt Investment Funds, a subsidiary undertaking of Investec Holdings Limited.

During the year, TTL had the following transactions with related parties:

- during the year ended 31 March 2000 £325,696 (1999: £318,899) and £59,384 (1999: £58,144) were respectively received from Hambros Advanced Technology Trust II Limited Partnership and HATT II (1993) Limited Partnership in the form of Priority Profit Share.
- during the year ended 31 March 2000, £542,413 (1999: £531,092) was received from HATT III LP in the form of Priority Profit Share.
- directors' fees of £82,253 (1999: £64,057) were received by TTL for holding directorships in the investments managed by TTL. There is a £5,250 (1999: £5,250) provision against such fees, and an outstanding amount of £36,500 (1999: £20,875) before provisions was included in debtors as at 31 March 2000.

TT Partnership, a partnership formed by certain directors and employees of TTL, is a Special Limited Partner in Hambros Advanced Technology Trust II Limited Partnership, HATT II (1993) Limited Partnership and HATT III Limited Partnership which is entitled to receive carried interest from the limited partnerships after the repayment of the partners' loans. Carried interest of £446,613 (1999: £Nil) was received during the year.

The partnership agreements provide that HATT II General Partner Limited and HATT III General Partner Limited shall act as General Partner of Hambros Advanced Technology Trust II Limited Partnership and HATT II (1993) Limited Partnership and HATT III LP respectively and are entitled to Priority Profit Share payments as described in notes 1 and 2.

## **TOP TECHNOLOGY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2000 (continued)**

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#### **22 Related party transactions (continued)**

Investec Group Investments Limited is a Limited Partner of HATT II Limited Partnership, HATT II (1993) Limited Partnership and HATT III Limited Partnership as well as Special Limited Partner. The other Special Limited Partner is TT Partnership, which was formed by the employees and one of the directors of Top Technology Limited, HATT II General Partner Limited and HATT III General Partner Limited. Limited Partners are entitled to participate in profits pro rata to their capital contributions. Special Limited Partners are entitled to carried interest as described in the note 1 (e) of the Limited Partnership accounts. No accrual has been made in the accounts for any entitlement to carried interest which would arise if the remaining assets were sold at valuations attributed to them at 31 March 2000. Based on valuations at 31 March 2000 the estimated carried interest would be £2,204,085 (1999: £519,274).

HATT III Limited Partnership's financing includes loans from Investec Group Investments Limited with outstanding balances at the 31 March 2000 of £2,161,102 (1999: £1,497,000).

# HATT III L.P.

Report and Financial Statements

Year to 31 March 2000

Registered No.: LP5265



# HATT III L.P.

(A Limited Partnership registered with the Registrar of Limited Partnerships under the Limited Partnerships Act 1907 on 18 December 1996)

Registered No: LP5265

Principal Place  
of Business: 20-21 Took's Court  
Cursitor Street  
London EC4A 1LB

General Partner: HATT III General Partner Limited  
20-21 Took's Court  
Cursitor Street  
London EC4A 1LB

Telephone : 020 7242 9900  
Fax : 020 7405 2863

Board of Advisers: William S. Field (resigned 30 March 2000)  
Peter D. Hill-Wood  
Leif Bengtsson  
Sven Sanvig Bach  
Matts Andersson  
Steen Jorgensen  
Michael D. Fischer

Auditors: Saffery Champness  
Fairfax House  
Fulwood Place  
Gray's Inn  
London WC1V 6UB

Solicitors: Linklaters & Alliance  
1 Silk Street  
London EC2Y 8HQ

# Report of the General Partner

The General Partner herewith submits its annual report, together with the audited financial statements of the Hambros Advanced Technology Trust III Limited Partnership ("HATT III LP") for the year ended 31 March 2000.

## *Results*

The results of the partnership are set out on page 5.

## *Business Review*

The principal activity of the partnership during the year was to act as a vehicle to hold investments on behalf of its partners.

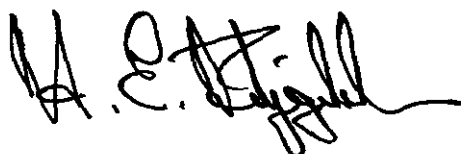
## *Related Party Disclosures*

Related party transactions are disclosed in note 16.

## *Auditor*

Saffery Champness have been appointed as the Fund's auditors for each succeeding year following the resignation of KPMG Audit PLC. The General Partner has elected to dispense with the obligation to appoint auditors annually and Saffery Champness will be reappointed as auditors accordingly.

By order of the Board of Directors of HATT III General Partner Limited.



H. E. Fitzgibbons  
Director

31 AUGUST, 2000

# Statement of the General Partner's Responsibilities

The following statement, which should be read in conjunction with the Report of the Auditors, is made to distinguish the responsibilities of the General Partner for the financial statements from those of the Auditors.

The General Partner, Hambros Advanced Technology Trust III General Partner Limited is required by the Partnership Agreement of Hambros Advanced Technology Trust III Limited Partnership to prepare financial statements that give a true and fair view of the state of affairs of the Partnership at the end of the financial period and of the results for that period.

In preparing those financial statements, the General Partner is 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 fund will continue in business.

The General Partner has responsibility for ensuring adequate accounting records which disclose with reasonable accuracy the financial position of the Partnership are kept and which enable them to ensure that the financial statements comply with the terms of the Partnership Agreement and the Partnership and Unlimited Companies (Accounts) Regulations 1993.

The General Partner has a general responsibility for taking reasonable steps to safeguard the assets of the Partnership and to prevent and detect fraud and other irregularities.

The General Partner, having prepared the financial statements, has requested the Auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their report.

# Report of The Auditors

*To the Partners in Hambros Advanced Technology Trust III Limited Partnership*

We have audited the financial statements on pages 5 to 15.

*Respective responsibilities of Hambros Advanced Technology Trust III General Partner Limited and auditors*

As described on page 3, Hambros Advanced Technology Trust III General Partner Limited ("HATT III") is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

## *Basis of Opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by HATT III in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of Hambros Advanced Technology Trust III Limited Partnership, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## *Opinion*

In our opinion the financial statements give a true and fair view of the state of the Partnership's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared on the basis of the accounting policies set out in note 1, and in accordance with the Partnership and Unlimited Companies (Accounts) Regulations 1993.



Saffery Champness  
Chartered Accountants  
Registered Auditors  
London

30 August, 2000

# Profit & Loss Account

For the year ended 31 March 2000

	Note	2000	1999
		£	£
<b>Operating Income</b>			
Fee Income		-	20,000
<b>Operating expenses</b>			
Audit		(5,000)	(5,940)
Other expenses		(4,198)	(4,465)
Profit on sale of investments		2,844,961	-
Amounts written off fixed asset investments		(824,977)	(800,000)
<b>Operating profit/(loss)</b>		2,010,786	(790,405)
Other interest receivable and similar income	5	70,111	116,536
<b>Partnership profit/(loss) for the year on ordinary activities before priority profit share</b>		2,080,897	(673,869)
Priority profit share	2	(542,413)	(531,092)
<b>Retained profit/(loss) for the year after priority profit share</b>	11	1,538,484	(1,204,961)

The notes on pages 9 to 15 form part of these financial statements.

All the above activities were continuing operations in the current and preceding years.

# Statement of Total Recognised Gains & Losses

For the year ended 31 March 2000

	Note	2000	1999
		£	£
Profit/(loss) for the financial year	11	1,538,484	(1,204,961)
Unrealised surplus on revaluation of investments	11	6,741,122	-
<b>Total recognised gains and losses relating to the year</b>		<b>8,279,606</b>	<b>(1,204,961)</b>

# Statement of Historical Cost Profits & Losses

For the year ended 31 March 2000

	Note	2000	1999
		£	£
Partnership profit/(loss) on ordinary activities before priority profit share		2,080,897	(673,869)
Realisation of investment revaluation gains of previous periods	11	-	-
<b>Historical cost profit/(loss) on ordinary activities</b>		<b>2,080,897</b>	<b>(673,869)</b>
Priority profit share		(542,413)	(531,092)
<b>Historical cost profit/(loss) for the year after priority profit share</b>		<b>1,538,484</b>	<b>(1,204,961)</b>

The notes on pages 9 to 15 form part of these financial statements.


# Balance Sheet

At 31 March 2000

	Note	2000	1999
		£	£
<b>Fixed assets</b>			
Investments	7	19,075,627	5,159,810
<b>Current assets</b>			
Debtors	8	428,128	7,257
Cash at bank and in hand		1,923,726	3,197,543
		<u>2,351,854</u>	<u>3,204,800</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(317,765)</u>	<u>(5,500)</u>
<b>Net current assets</b>		<u>2,034,089</u>	<u>3,199,300</u>
<b>Net assets</b>		<u><u>21,109,716</u></u>	<u><u>8,359,110</u></u>
<b>Represented by</b>			
Partners' capital	10	20,404	20,404
Partners' loans	11	14,550,900	10,079,900
Partnership reserve account	11	(202,710)	(1,741,194)
		<u>14,368,594</u>	<u>8,359,110</u>
Revaluation Reserve	11	6,741,122	-
<b>Total partners' funds</b>		<u><u>21,109,716</u></u>	<u><u>8,359,110</u></u>

The notes on pages 9 to 15 form part of these financial statements.

Approved by the General Partner on behalf of HATT III L.P. on **31 AUGUST**, 2000



H. E. Fitzgibbons, Director of HATT III General Partner Limited

# Cash Flow Statement

For the year ended 31 March 2000

	Note	2000	1999
		£	£
<b>Net cash (outflow)/inflow from operating activities</b>	13	(97,638)	7,816
<b>Returns on investments and servicing of finance</b>			
Interest received		49,945	116,408
Priority profit share paid		(542,413)	(531,092)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(492,468)	(414,684)
<b>Capital expenditure and financial investment</b>			
Purchase of investments		(8,258,712)	(3,599,977)
Sale of investments		3,104,001	-
<b>Net cash outflow from capital expenditure and financial investment</b>		(5,154,711)	(3,599,977)
<b>Net cash outflow before management of liquid resources and financing</b>		(5,744,817)	(4,006,845)
<b>Management of liquid resources</b>			
Cash withdrawn from 7 day deposit	14/15	-	2,153,388
Cash withdrawn/(deposited) on Moneymarket		1,273,898	(3,191,904)
<b>Net cash inflow/(outflow) from management of liquid resources</b>		1,273,898	(1,038,516)
<b>Financing</b>			
New loans from partners		7,575,000	5,050,000
Repayment of loans from partners		(3,104,000)	-
<b>Net cash inflow from financing</b>		4,471,000	5,050,000
<b>Increase in cash in the period</b>	14/15	81	4,639

The notes on pages 9 to 15 form part of these financial statements.



# Notes To The Financial Statements

As at 31 March 2000

## 1. Accounting Policies

- a) The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention modified by the inclusion of certain investments on a revalued basis.
- b) No taxation is provided in these financial statements as taxation is the responsibility of the partners.
- c) Bank interest and investment income are accounted for on an accruals basis.
- d) The Priority Profit Share (PPS) payable to the General Partner is calculated as 2.5% of the total commitments, adjusted upwards or downwards as of 1 October 1997 and on each anniversary thereafter to reflect the change in UK Retail Price Index during the previous 12 months. The PPS is the first charge on the partnership profits. In accordance with the provisions of Financial Reporting Standard 5, the cost of the PPS is charged in full to the profit and loss account in the year paid.
- e) The Special Limited Partners are entitled to carried interest in partnership assets after the partners' loans are repaid. There is no entitlement to carried interest at 31 March 2000.
- f) Unquoted investments are valued at cost unless in the General Partners opinion there is a clear case for an increase or diminution in value.
- g) Quoted investments are valued at mid-market closing prices as at 31 March 2000 discounted by a rate considered by the directors to give a prudent valuation.

## 2. Priority Profit Share

Priority Profit Share paid is analysed below:

	2000 £	1999 £
Priority profit share due in respect of the year	(542,413)	(531,092)

## 3. Employees

The Partnership had no employees during the year (1999: nil).

## 4. Other Income

	2000 £	1999 £
Fee Income	-	20,000

# Notes to the Financial Statements

Continued

## 5. Other interest received and similar income

	2000 £	1999 £
Bank interest	70,111	116,536

## 6. Partnership profit/(loss) for the financial period on ordinary activities before priority profit share is stated after charging:

	2000 £	1999 £
Auditor's remuneration :		
Audit	5,000	5,940
Other services	-	-
	<u>5,000</u>	<u>5,940</u>

## 7(a) Investments

	1 April 1999 £	Additions £	Disposals/ Repayments £	Revaluations £	Write-offs £	31 March 2000 £
<b>At cost or valuation</b>						
UK - Listed	640,000	480,000	(259,040)	6,741,122	-	7,602,082
UK - Unlisted	4,519,810	7,778,712	-	-	(824,977)	11,473,545
	<u>5,159,810</u>	<u>8,258,712</u>	<u>(259,040)</u>	<u>6,741,122</u>	<u>(824,977)</u>	<u>19,075,627</u>

The cost of the shares at 31 March 2000 was £12,574,507 (1999 : £5,399,810).

# Notes to the Financial Statements

Continued

## 7(b) Investments continued

Investee Company	No. and class of shares held	% of Total Equity held	Cost £	Valuation £
Brainspark.com	26,086,606 10p Ords	26.50%	2,482,930	2,482,930
Cherwell Scientific	60,000 £10 Prefs Warrants	13.80%	600,000 103,275	600,000 103,275
Farming On Line	3,717,941 25p Ords	13.60%	1,680,038	1,680,038
Focus Business Solutions	5,146,974 1p Ords	20.50%	860,960	7,602,080
Greville Campbell	272,777 1p Ords 160,000 1p Prefs	26.40% 80.00%	320,000 160,000	160,000 80,000
Imagin Associates	81,890 10p A Ords 500,000 1p Prefs	20.00% 40.00%	300,000 500,000	300,000 500,000
nCipher Corp	699,756 1p Ords	8.80%	1,470,471	1,470,471
Nettec	533,333 £1 Ords 266,666 Warrants	4.50%	746,666 53,333	746,666 53,333
Purple House	88,000 £1 Ords	20.00%	400,000	400,000
Virtual Access	612,011 10p Ords 126,316 Warrants Convertible Loan	9.20%	1,896,834 - 1,000,000	1,896,834 - 1,000,000
			<u>12,574,507</u>	<u>19,075,627</u>

Focus Business Solutions PLC is the only listed investment.

The principal investments in which the partnership holds over 20% of the equity share capital are shown below.

Investee Company	Country of incorporation	Principal activity	Class of shares held £000	% of Total Equity held £000	Profit After Tax*	Net Assets*
Greville Campbell	Great Britain	Software	1p Ords 1p Prefs	26.40%	(603)	106
Brainspark	Great Britain	Internet Incubator	10p Ords	26.50%	(315)	7,402
Focus Business Solutions	Great Britain	Software	1p Ords	20.50%	(735)	284

\* Profit After Tax and Net Asset figures are extracted from the most recent set of audited financial statements received from the investee company.

# Notes to the Financial Statements

Continued

## 8. Debtors

	2000 £	1999 £
Bank interest receivable	25,000	4,834
Amount due from General Partner	25,000	-
Other debtors	378,128	2,423
	<u>428,128</u>	<u>7,257</u>

## 9. Creditors: Amounts falling due within one year

	2000 £	1999 £
Accruals and deferred income	(317,765)	(5,500)
	<u></u>	<u></u>

## 10. Partners' accounts

	Capital £	Partnership Reserve £	Loan £
<b>Limited Partners:</b>			
Apoteksassistenternes Pensionskasse	2,000	(20,066)	1,440,735
Djursholm Investments	1,000	(10,033)	720,367
Dutch Nordic Insurance Company NV	1,000	(10,033)	720,367
Finanssektorens Pensionskasse	2,000	(20,066)	1,440,735
Investec Group Investments Limited	3,000	(30,099)	2,161,102
Helsingfors Investments	1,000	(10,033)	720,367
HOV Investments	1,000	(10,033)	720,367
Inglestorp Investments	1,000	(10,033)	720,367
GRE Staff Pension Trustees Corporation	1,500	(15,050)	1,080,551
Kirkbi A.G.	1,500	(15,050)	1,080,551
Noral Holding SA	500	(5,016)	360,184
Pensionskassen for Vaerkstedsfunktionaerer I Jernet	2,000	(20,066)	1,440,735
SITRA Finnish National Fund for Research and Development	1,000	(10,033)	720,367
Unibank A/S	1,500	(15,050)	1,080,551
<b>Special Limited Partners</b>	200	-	-
<b>General Partner</b>	204	(2,049)	143,554
	<u>20,404</u>	<u>(202,710)</u>	<u>14,550,900</u>

Partners' loans are interest free.

At 31 March 2000 Loan Commitments available for drawdown by the partnership from Limited Partners for investments amounted to £5,630,918 (1999: £10,101,918).

# Notes to the Financial Statements

Continued

## 11. Reserves

	Revaluation Reserve	Partners' Loans £	Partnership Reserve £	Total £
At 1 April 1999	-	10,079,900	(1,741,194)	8,338,706
Retained profit for the period	-	-	1,538,484	1,538,484
Drawdowns in period	-	7,575,000	-	7,575,000
Repayment of loans	-	(3,104,000)	-	(3,104,000)
Revaluations in the period	6,741,122	-	-	6,741,122
At 31 March 2000	<u>6,741,122</u>	<u>14,550,900</u>	<u>(202,710)</u>	<u>21,089,312</u>

## 12. Reconciliation of movement in Partners' Funds

	2000 £	1999 £
Retained profit/(loss) for the period	1,538,484	(1,204,961)
Drawdowns in the period	7,575,000	5,050,000
Repayment of loans	(3,104,000)	-
Revaluation in the year	6,741,122	-
Net addition to/(reduction in) partners' funds	<u>12,750,606</u>	<u>3,845,039</u>
Opening funds	8,359,110	4,514,071
Closing funds	<u>21,109,716</u>	<u>8,359,110</u>

## 13. Reconciliation of operating profit/(loss) to net cash (outflow)/inflow from operating activities

	2000 £	1999 £
Operating profit/(loss)	2,010,786	(790,405)
Increase in creditors	312,265	544
Increase in debtors	(400,705)	(2,323)
Profit on disposal of investments	(2,844,961)	-
Amounts written off fixed asset investments	824,977	800,000
Net cash (outflow)/inflow from operating activities	<u>(97,638)</u>	<u>7,816</u>

# Notes to the Financial Statements

Continued

## 14. Reconciliation of net cash flow to movement in net funds

	2000 £	1999 £
Increase in cash in the period	81	4,639
Cash (inflow)/outflow from (decrease)/ increase in liquid resources	(1,273,898)	1,038,516
Movement in the net funds in the period	(1,273,817)	1,043,155
Net funds at the start of the period	3,197,543	2,154,388
Net funds at the end of the period	1,923,726	3,197,543

## 15. Analysis in changes in net funds

	1 April 1999 £	Cash flows £	31 March 2000 £
Cash at bank			
- Current account	5,639	81	5,720
- Moneymarket	3,191,904	(1,273,898)	1,918,006
	3,197,543	(1,273,817)	1,923,726

## 16. Related party transactions

The partnership agreement provides that HATT III General Partner Limited shall act as General Partner of HATT III L.P. and is entitled to Priority Profit Share payments as described in notes 1(d) and 2. It is also subject to a share of the Partnership profits and net proceeds of the realisation of investments and other Partnership assets after the repayment of the partners' loans pro rata to its capital contributions.

HATT III General Partner Limited has contracted the management of the Limited Partnership to its parent company, Top Technology Limited, which until 14<sup>th</sup> May 1999, was a subsidiary of Investec Group Investments (UK) Limited (previously known as Hambro Group Investments Limited). At 31 March 2000 Top Technology Limited was controlled by Mr. H. E. Fitzgibbons.

During the year, Top Technology Limited received director's monitoring and financing fees of £47,743 (1999: £23,807) directly from the partnership's investments.

Investec Group Investments (UK) Limited is a Limited Partner as well as Special Limited Partner. The other Special Limited Partner is TT Partnership (Jersey), which was formed by the employees and one of the directors of Top Technology Limited and HATT III General Partner Limited. Limited Partners are entitled to participate in profits pro rata to their capital contributions. Special Limited Partners are entitled to carried interest as described in note 1(e). No accrual has been made in the accounts for any entitlement to carried interest which would arise if the remaining assets were sold at valuations attributed to them at 31 March 2000. Based on valuations at 31 March 2000 the estimated carried interest would be £4,217,862.

# Notes to the Financial Statements

Continued

## 16. Related party transactions Continued

HATT III Limited Partnership's financing includes loans from SITRA - Finnish National Fund for Research and Development, Investec Group Investments (UK) Limited and HATT III General Partner Limited whose outstanding balances at the 31 March 2000 were £720,367, £2,161,102 and £143,554 respectively.

## 17. Ownership of General Partner

On 14 May 1999, Investec Holdings Limited through its subsidiary, Investec Group Investments (UK) Limited, sold its entire holding of 51% in Top Technology Limited to Mr. H. E. Fitzgibbons. The remaining 49% of Top Technology Limited is owned by Top Technology Holdings Incorporated, a company controlled by Mr. H. E. Fitzgibbons. On the same date, Top Technology Limited sold 49.9% of the General Partner to Investec Group Investments (UK) Limited, retaining 50.1%.

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# Hambros Advanced Technology Trust II Limited Partnership

Report and Financial Statements

Year to 31 March 2000

Registered No: LP4114



# Hambros Advanced Technology Trust II Limited Partnership

(A Limited Partnership registered with the Registrar of Limited Partnerships under the Limited Partnerships Act 1907 on 14 October 1991)

Registered No: LP4114

Principal Place of Business: 20-21 Took's Court  
Cursitor Street  
London EC4A 1LB

General Partner: HATT II General Partner Limited  
20-21 Took's Court  
Cursitor Street  
London EC4A 1LB

Telephone : 020 7242 9900  
Fax : 020 7405 2863

Board of Advisers: William S. Field (resigned 30 March 2000)  
Peter D. Hill-Wood  
Leif Bengtsson  
Sven Sanvig Bach  
Matts Andersson  
Steen Jorgensen  
Michael D. Fischer

Auditors: Saffery Champness  
Fairfax House  
Fulwood Place  
Gray's Inn  
London  
WC1V 6UB

Solicitors: Linklaters & Alliance  
1 Silk Street  
London  
EC2Y 8HQ

# Report of the General Partner

The General Partner herewith submits its annual report, together with the audited financial statements of the Hambros Advanced Technology Trust II Limited Partnership ("HATT II LP") for the year ended 31 March 2000.

## *Results*

The results of the partnership are set out on page 5.

## *Business Review*

The principal activity of the partnership during the year was to act as a vehicle to hold investments on behalf of its partners.

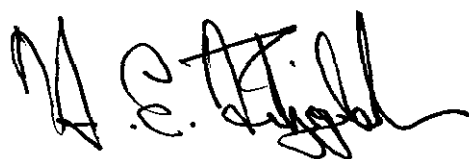
## *Related Party Disclosures*

Related party transactions are disclosed in note 15.

## *Auditor*

Saffery Champness have been appointed as the Fund's auditors for each succeeding year following the resignation of KPMG Audit PLC. The General Partner has elected to dispense with the obligation to appoint auditors annually and Saffery Champness will be reappointed as auditors accordingly.

By order of the Board of Directors of HATT II General Partner Limited.



H. E. Fitzgibbons  
Director

31 AUGUST, 2000

# Statement of the General Partner's Responsibilities

The following statement, which should be read in conjunction with the Report of the Auditors, is made to distinguish the responsibilities of the General Partner for the financial statements from those of the Auditors.

The General Partner, Hambros Advanced Technology Trust II General Partner Limited is required by the Partnership Agreement of Hambros Advanced Technology Trust II Limited Partnership to prepare financial statements that give a true and fair view of the state of affairs of the Partnership at the end of the financial period and of the results for that period.

In preparing those financial statements, the General Partner is 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 fund will continue in business.

The General Partner has responsibility for ensuring adequate accounting records which disclose with reasonable accuracy the financial position of the Partnership are kept and which enable them to ensure that the financial statements comply with the terms of the Partnership Agreement and the Partnership and Unlimited Companies (Accounts) Regulations 1993.

The General Partner has a general responsibility for taking reasonable steps to safeguard the assets of the Partnership and to prevent and detect fraud and other irregularities.

The General Partner, having prepared the financial statements, has requested the Auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their report.

# Report of The Auditors

*To the Partners in Hambros Advanced Technology Trust II Limited Partnership*

We have audited the financial statements on pages 5 to 14.

*Respective responsibilities of Hambros Advanced Technology Trust II General Partner Limited and auditors*

As described on page 3, Hambros Advanced Technology Trust II General Partner Limited ("HATT II") is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

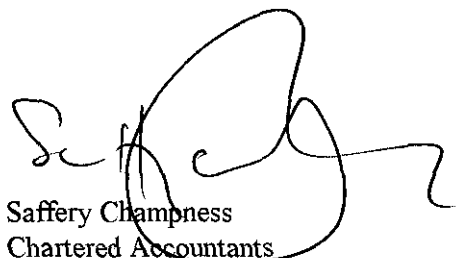
## *Basis of Opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by HATT II in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of Hambros Advanced Technology Trust II Limited Partnership, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## *Opinion*

In our opinion the financial statements give a true and fair view of the state of the Partnership's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared on the basis of the accounting policies set out in note 1, and in accordance with the Partnership and Unlimited Companies (Accounts) Regulations 1993.



Saffery Champness  
Chartered Accountants  
Registered Auditors  
London

31 August, 2000

# Profit & Loss Account

For the year ended 31 March 2000

	Note	2000	1999
		£	£
<b>Operating income</b>	3	2,907	-
<b>Operating expenses</b>			
Audit		(3,250)	(3,243)
Other Expenses		(1,630)	(791)
Profit on sale of investments		5,837,926	54,498
Amounts written off fixed asset investments		-	(425,957)
Carried Interest		(893,225)	-
<b>Operating profit/(loss)</b>		4,942,728	(375,493)
Other interest receivable and similar income	5	11,300	60,873
<b>Partnership profit/(loss) for the year on ordinary activities before priority profit share</b>		4,954,028	(314,620)
Priority profit share	2	(325,696)	(318,899)
Distribution to limited partners		(3,572,902)	-
<b>Retained profit/(loss) for the year after priority profit share</b>	10	1,055,430	(633,519)

The notes on pages 9 to 14 form part of these financial statements.

All the above activities were continuing operations in the current and preceding years.

# Statement of Total Recognised Gains & Losses

For the year ended 31 March 2000

	Note	2000 £	1999 £
Profit/(loss) for the financial year	10	1,055,430	(633,519)
Unrealised surplus on revaluation of investments	10	2,301,909	11,255
<b>Total recognised gains and losses relating to the financial year</b>		<u>3,357,339</u>	<u>(622,264)</u>

# Statement of Historical Cost Profits & Losses

For the year ended 31 March 2000

	Note	2000 £	1999 £
Partnership profit/(loss) on ordinary activities before priority profit share		4,954,028	(314,620)
Realisation of investment revaluation gains of previous periods		74,152	61,075
<b>Historical cost profit/(loss) on ordinary activities</b>		<u>5,028,180</u>	<u>(253,545)</u>
Priority profit share		(325,696)	(318,899)
Distribution to limited partners		(3,572,902)	-
<b>Historical cost profit/(loss) for the period after priority profit share</b>		<u>1,129,582</u>	<u>(572,444)</u>

The notes on pages 9 to 14 form part of these financial statements.

# Balance Sheet

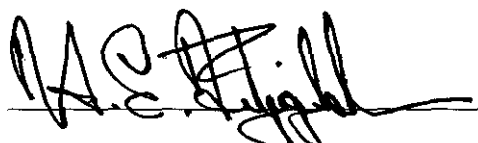
At 31 March 2000

	Note	2000	1999
		£	£
<b>Fixed assets</b>			
Investments	6	5,465,223	4,589,813
<b>Current assets</b>			
Debtors	7	12,564	138,739
Cash at bank and in hand		123,055	592,875
		<u>135,619</u>	<u>731,614</u>
<b>Creditors: amounts falling due within one year</b>	8	(9,213)	(5,813)
<b>Net current assets</b>		<u>126,406</u>	<u>725,801</u>
<b>Net assets</b>		<u>5,591,629</u>	<u>5,315,614</u>
<b>Represented by</b>			
Partners' capital	9	10,808	10,808
Partners' loans	10	-	3,081,324
Partnership reserve account	10	2,595,300	1,465,718
		<u>2,606,108</u>	<u>4,557,850</u>
Revaluation reserve	10	2,985,521	757,764
<b>Total partners' funds</b>	11	<u>5,591,629</u>	<u>5,315,614</u>

The notes on pages 9 to 14 form part of these financial statements.

Approved by the General Partner on behalf of Hambros Advanced Technology Trust II Limited Partnership

on **31 AUGUST**, 2000



H. E. Fitzgibbons, Director of HATT II General Partner Limited

# Cash Flow Statement

For the year to 31 March 2000

	Note	£	2000 £	1999 £
<b>Net cash outflow from operating activities</b>	12		(766,848)	(183,577)
<b>Returns on investments and servicing of finance</b>				
Interest received		12,526	61,151	
Priority Profit Share paid		(325,696)	(318,899)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(313,170)	(257,748)
<b>Capital expenditure and financial investment</b>				
Purchase of investments		(158,135)	(378,614)	
Sale of investments		7,422,559	151,861	
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>			7,264,424	(226,753)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>			6,184,406	(668,078)
<b>Management of liquid resources</b>				
Cash withdrawn from 7 day deposit	13/14	-	1,260,770	
Cash withdrawn/(deposited) on moneymarket		464,747	(582,847)	
<b>Net cash inflow from management of liquid resources</b>			464,747	677,923
<b>Financing</b>				
Repayment of loans from partners		(3,081,324)	-	
Distributions to limited partners		(3,572,902)	-	
<b>Net cash outflow from financing</b>			(6,654,226)	-
<b>(Decrease)/increase in cash in the period</b>	13/14		(5,073)	9,845

The notes on pages 9 to 14 form part of these financial statements.



# Notes to the Financial Statements

As at 31 March 2000

## 1. Accounting Policies

- a) The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention modified by the inclusion of certain investments on a revalued basis.
- b) No taxation is provided in these financial statements as taxation is the responsibility of the partners.
- c) Bank interest and investment income are accounted for on an accruals basis.
- d) The Priority Profit Share (PPS) payable to the General Partner is calculated as 2.5% of the total commitments, adjusted upwards or downwards as of 1 October 1992 and on each anniversary thereafter to reflect the change in UK Retail Price Index during the previous 12 months. The PPS is the first charge on the partnership profits. In accordance with the provisions of Financial Reporting Standard 5, the cost of the PPS is charged in full to the profit and loss account in the year paid.
- e) The Special Limited Partners are entitled to Carried Interest in net proceeds of the realisation of investments or other partnership assets after the partners' loans are repaid.
- No accrual has been made in the accounts for any entitlement to Carried Interest which would arise if the remaining partnership assets were sold at the valuations attributed to them at 31 March 2000.
- f) Unquoted investments are valued at cost unless in the General Partners opinion there is a clear case for an increase or diminution in value.
- g) Quoted investments are valued at mid-market closing prices as at 31 March 2000, discounted by a rate considered by the directors to give a prudent valuation.

## 2. Priority Profit Share

Priority profit share paid is analysed below:

	2000 £	1999 £
Priority profit share due in respect of the financial year	325,696	318,899

## 3. Operating Income

	2000 £	1999 £
Commission receivable	2,629	-
Other income	278	-
	2,907	-

## 4. Employees

The Partnership had no employees during the period (1999 : nil).

# Notes to the Financial Statements

Continued

## 5. Other interest received and receivable

	2000 £	1999 £
Bank interest	11,300	60,873

## 6(a) Investments

	1 April 1999 £	Additions £	Disposals/ Repayments £	Revaluations £	31 March 2000 £
At cost or valuation					
UK – Listed	1,436,613	158,135	(597,316)	2,301,909	3,299,341
UK - Unlisted	3,153,200	-	(987,318)	-	2,165,882
	<u>4,589,813</u>	<u>158,135</u>	<u>(1,584,634)</u>	<u>2,301,909</u>	<u>5,465,223</u>

The cost of the shares at 31 March 2000 was £2,605,942 (1999 : £3,958,289)

## 6(b) Investments

Investee Company	No. and class of shares held	% of Total Equity held	Cost £	Valuation £
Capteur Sensors Ltd	190,242 10p Pref Ord	11.80%	637,311	637,311
AFA Systems PLC	736,460 25p Ords	8.00%	313,820	3,299,341
Virtual Access Ltd	779,985 10p Ords 824,267 Warrants	10.30%	1,654,811 -	1,528,571 -
			<u>2,605,942</u>	<u>5,465,223</u>

AFA Systems PLC is the only listed investment.

## 7. Debtors

	2000 £	1999 £
Amount due from General Partner	11,172	11,172
Bank interest receivable	1,250	2,475
Other Debtors	142	125,092
	<u>12,564</u>	<u>138,739</u>

# Notes to the Financial Statements

Continued

## 8. Creditors: Amounts falling due within one year

	2000 £	1999 £
Accruals	(6,300)	(2,900)
Other creditors	(2,913)	(2,913)
	<u>(9,213)</u>	<u>(5,813)</u>

## 9. Partners' Accounts

	Fully paid up Capital £	Partnership Reserve £
<b>Limited Partners:</b>		
Investec Group Investments Limited	3,000	712,994
Prudential Equity Investors Inc.	3,000	712,994
Inter IKEA Finance S.A	1,500	356,497
Dutch Nordic Insurance Company	500	118,832
King William Street Nominees	1,000	237,665
Kirkbi AG	1,000	237,665
Sitra - Finnish National Fund for Research and Development	500	118,832
<b>Special Limited Partners</b>	200	-
<b>General Partner</b>	108	25,669
	<u>10,808</u>	<u>2,521,148</u>

# Notes to the Financial Statements

Continued

## 10. Reserves

	Revaluation Reserve £	Partners' Loans £	Partnership Reserve £	Total £
At 1 April 1999	757,764	3,081,324	1,465,718	5,304,806
Retained profit for the period	-	-	1,055,430	1,055,430
Investment revaluation	2,301,909	-	-	2,301,909
Repayment of loans	-	(3,081,324)	-	(3,081,324)
Transfer from revaluation reserve	(74,152)	-	74,152	-
At 31 March 2000	2,985,521	-	2,595,300	5,580,821

## 11. Reconciliation of movement in Partners' Funds

	2000 £	1999 £
Partnership profit/(loss)	1,055,430	(633,519)
Other recognised gains relating to the period	2,301,909	11,255
Repayment of loans from partners	(3,081,324)	-
Net addition to/(reduction in) partners' funds	276,015	(622,264)
Opening funds	5,315,614	5,937,878
Closing Funds	5,591,629	5,315,614

## 12. Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2000 £	1999 £
Operating profit/(loss)	4,942,728	(375,493)
Decrease/(increase) in debtors	124,950	(125,093)
Increase/(decrease) in creditors	3,400	(54,450)
Profit on sale of investments	(5,837,926)	(54,498)
Amounts written off fixed asset investments	-	425,957
Net cash outflow from operating activities	(766,848)	(183,577)

# Notes to the Financial Statements

Continued

## 13. Reconciliation of net cash flow to movement in net funds

	2000 £	1999 £
(Decrease)/increase in cash in the period	(5,073)	9,845
Cash (inflow)/outflow from (decrease)/increase in liquid resources	(464,747)	(677,923)
Movement in the net funds in the period	(469,820)	(668,078)
Net funds at the start of the period	592,875	1,260,953
Net funds at end of period	123,055	592,875

## 14. Analysis in changes in net funds

	At 1 April 1999 £	Cash flows £	At 31 March 2000 £
Cash at bank			
- Current account	10,028	(5,073)	4,955
- Moneymarket	582,847	(464,747)	118,100
	592,875	(469,820)	123,055

## 15. Related party transactions

The partnership agreement provides that HATT II General Partner Limited shall act as General Partner of HATT II Limited Partnership and is entitled to Priority Profit Share payments as described in notes 1(d) and 2. It is also subject to a share of the Partnership profits and net proceeds of the realisation of investments and other Partnership assets after the repayment of the partners' loans pro rata to its capital contributions.

HATT II General Partner Limited has contracted the management of the Limited Partnership to its parent company, Top Technology Limited, which at 31 March 2000 was controlled by Mr. H. E. Fitzgibbons.

During the period, Top Technology Limited received directors' monitoring and financing fees of £34,500 (1999 : £40,250) directly from the partnership's investments.

# Notes to the Financial Statements

Continued

## 15. Related party transactions

Continued

Investec Group Investments (UK) Limited is a Limited Partner as well as Special Limited Partner. The other Special Limited Partner is TT Partnership (Jersey), which was formed by the employees and one of the directors of Top Technology Limited and HATT II General Partner Limited. Limited Partners are entitled to participate in profits pro rata to their capital contributions. Special Limited Partners are entitled to carried interest as described in note 1(e). No accrual has been made in the accounts for any entitlement to carried interest which would arise if the remaining assets were sold at valuations attributed to them at 31 March 2000. Based on valuations at 31 March 2000 the estimated carried interest would be £1,116,164.

## 16. Ownership of General Partner

On 14 May 1999, Investec Holdings Limited through its subsidiary, Investec Group Investments (UK) Limited, sold its entire holding of 51% in Top Technology Limited to Mr. H. E. Fitzgibbons. The remaining 49% of Top Technology Limited is owned by Top Technology Holdings Incorporated, a company controlled by Mr. H. E. Fitzgibbons. On the same date, Top Technology Limited sold 49.9% of the General Partner to Investec Group Investments (UK) Limited, retaining 50.1%.

# HATT II (1993) Limited Partnership

Report and Financial Statements

Year to 31 March 2000

# HATT II (1993) Limited Partnership

(A Limited Partnership registered with the Registrar of Limited Partnerships under the Limited Partnerships Act 1907 on 21st January 1993)

Registered No: LP4342

Principal Place of Business: 20-21 Took's Court  
Cursitor Street  
London EC4A 1LB

General Partner: HATT II General Partner Limited  
20-21 Took's Court  
Cursitor Street  
London EC4A 1LB

Telephone : 020 7242 9900  
Fax : 020 7405 2863

Board of Advisers: William S. Field (resigned 30 March 2000)  
Peter D. Hill-Wood  
Leif Bengtsson  
Sven Sanvig Bach  
Matts Andersson  
Steen Jorgensen  
Michael D. Fischer

Auditors: Saffery Champness  
Fairfax House  
Fulwood Place  
Gray's Inn  
London  
WC1V 6UB

Solicitors: Linklaters & Alliance  
1 Silk Street  
London  
EC2Y 8HQ



# Report of the General Partner

The General Partner herewith submits its annual report, together with the audited financial statements of the Hambros Advanced Technology Trust II (1993) Limited Partnership ("HATT II (1993) LP") for the year ended 31 March 2000.

## *Results*

The results of the partnership are set out on page 5.

## *Business Review*

The principal activity of the partnership during the year was to act as a vehicle to hold investments on behalf of its partners.

## *Related Party Disclosures*

Related party transactions are disclosed in note 15.

## *Auditor*

Saffery Champness have been appointed as the Fund's auditors for each succeeding year following the resignation of KPMG Audit PLC. The General Partner has elected to dispense with the obligation to appoint auditors annually and Saffery Champness will be reappointed as auditors accordingly.

By order of the Board of Directors of HATT II General Partner Limited.



H. E. Fitzgibbons  
Director

31 August, 2000

# Statement of the General Partner's Responsibilities

The following statement, which should be read in conjunction with the Report of the Auditors, is made to distinguish the responsibilities of the General Partner for the financial statements from those of the Auditors.

The General Partner, Hambros Advanced Technology Trust II General Partner Limited is required by the Partnership Agreement of Hambros Advanced Technology Trust II (1993) Limited Partnership to prepare financial statements that give a true and fair view of the state of affairs of the Partnership at the end of the financial period and of the results for that period.

In preparing those financial statements, the General Partner is 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 fund will continue in business.

The General Partner has responsibility for ensuring adequate accounting records which disclose with reasonable accuracy the financial position of the Partnership are kept and which enable them to ensure that the financial statements comply with the terms of the Partnership Agreement and the Partnership and Unlimited Companies (Accounts) Regulations 1993.

The General Partner has a general responsibility for taking reasonable steps to safeguard the assets of the Partnership and to prevent and detect fraud and other irregularities.

The General Partner, having prepared the financial statements, has requested the Auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their report.

# Report of The Auditors

*To the Partners in Hambros Advanced Technology Trust II (1993) Limited Partnership*

We have audited the financial statements on pages 5 to 13.

*Respective responsibilities of Hambros Advanced Technology Trust II General Partner Limited and auditors*

As described on page 3, Hambros Advanced Technology Trust II General Partner Limited ("HATT II") is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

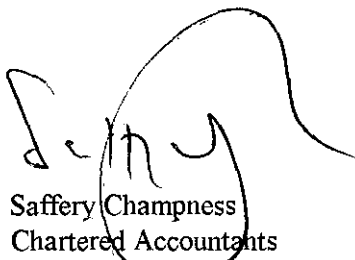
## *Basis of Opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by HATT II in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of Hambros Advanced Technology Trust II (1993) Limited Partnership, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## *Opinion*

In our opinion the financial statements give a true and fair view of the state of the Partnership's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared on the basis of the accounting policies set out in note 1, and in accordance with the Partnership and Unlimited Companies (Accounts) Regulations 1993.



Saffery Champness  
Chartered Accountants  
Registered Auditors  
London

31 August, 2000

# Profit & Loss Account

For the year ended 31 March 2000

	Note	2000	1999
		£	£
<b>Operating income</b>			
Investment income	3	496	-
<b>Operating expenses</b>			
Audit		(3,250)	(3,821)
Other Expenses		(1,025)	(231)
Profit on sale of investments		1,164,474	10,280
Amounts written off fixed asset investments		-	(80,356)
Carried interest		(130,054)	-
<b>Operating profit/(loss)</b>		1,030,641	(74,128)
Other interest receivable and similar income	5	6,504	20,079
<b>Partnership profit/(loss) for the year year on ordinary activities before priority profit share</b>		1,037,145	(54,049)
Priority profit share	2	(59,384)	(58,144)
Distribution to limited partners		(523,654)	-
<b>Retained profit/(loss) for the year after priority profit share</b>	10	454,107	(112,193)

The notes on pages 9 to 14 form part of these financial statements.

All the above activities were continuing operations in the current and preceding years.

# Statement of Total Recognised Gains & Losses

For the year ended 31 March 2000

	Note	2000 £	1999 £
Profit/(loss) for the financial year	10	454,107	(112,193)
Unrealised surplus on revaluation of investments	10	365,962	2,118
<b>Total recognised gains and losses relating to the financial year</b>		<u>820,069</u>	<u>(110,075)</u>

# Statement of Historical Cost Profits & Losses

For the year ended 31 March 2000

	Note	2000 £	1999 £
Partnership profit/(loss) on ordinary activities before priority profit share		1,037,145	(54,049)
Realisation of investment revaluation gains of previous periods	10	-	11,526
<b>Historical cost profit/(loss) on ordinary activities</b>		<u>1,037,145</u>	<u>(42,523)</u>
Priority profit share		(59,384)	(58,144)
Distribution to limited partners		(523,654)	-
<b>Historical cost profit/(loss) for the year after priority profit share</b>		<u>454,107</u>	<u>(100,667)</u>

The notes on pages 9 to 14 form part of these financial statements.

# Balance Sheet

At 31 March 2000

	Note	2000	1999
		£	£
<b>Fixed assets</b>			
Investments	6	1,030,476	855,122
<b>Current assets</b>			
Debtors	7	2,602	25,515
Cash at bank and in hand		168,331	252,249
		170,933	277,764
<b>Creditors: amounts falling due within one year</b>	8	(6,151)	(2,900)
<b>Net current assets</b>		164,782	274,864
<b>Net assets</b>		1,195,258	1,129,986
<b>Represented by</b>			
Partners' capital	9	2,300	2,300
Partners' loans	10	-	754,797
Partnership reserve account	10	684,078	229,971
		686,378	987,068
Revaluation reserve	10	508,880	142,918
<b>Total partners' funds</b>	11	1,195,258	1,129,986

The notes on pages 9 to 14 form part of these financial statements.

Approved by the General Partner on behalf of ~~Hambros Advanced Technology Trust II~~ **HATT II (1993) LP** Limited Partnership

on **31 AUGUST**, 2000



H. E. Fitzgibbons, Director of HATT II General Partner Limited

# Cash Flow Statement

For the year ended 31 March 2000

	Note	2000 £	1999 £
<b>Net cash outflow from operating activities</b>	12	106,976	(37,358)
<b>Returns on investments and servicing of finance</b>			
Interest received		5,811	19,881
Priority Profit Share paid		(59,384)	(58,144)
<b>Net cash outflow from returns on investments and servicing of finance</b>		(53,573)	(38,263)
<b>Capital expenditure and financial investment</b>			
Purchase of investments		(29,819)	(71,387)
Sale of investments		1,384,901	28,652
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		1,355,082	(42,735)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		1,194,533	(118,356)
<b>Management of liquid resources</b>			
Cash withdrawn from 7 day deposit	13/14	-	370,097
Cash withdrawn/(deposited) on Money Market		83,237	(246,337)
<b>Net cash inflow from management of liquid resources</b>		83,237	123,760
<b>Financing</b>			
Repayment of loans from partners		(754,797)	-
Distribution to limited partners		(523,654)	-
<b>Net cash outflow from financing</b>		(1,278,451)	-
<b>(Decrease)/increase in cash in the period</b>	13/14	(681)	5,404

The notes on pages 9 to 14 form part of these financial statements.

# Notes to the Financial Statements

As at 31 March 2000

## 1. Accounting Policies

- a) The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention modified by the inclusion of certain investments on a revalued basis.
- b) No taxation is provided in these financial statements as taxation is the responsibility of the partners.
- c) Bank interest and investment income are accounted for on an accruals basis.
- d) The Priority Profit Share (PPS) payable to the General Partner is calculated as 2.5% of the total commitments, adjusted upwards or downwards as of 1 October 1992 and on each anniversary thereafter to reflect the change in UK Retail Price Index during the previous 12 months. The PPS is the first charge on the partnership profits. In accordance with the provisions of Financial Reporting Standard 5, the cost of the PPS is charged in full to the profit and loss account in the year paid.
- e) The Special Limited Partners are entitled to Carried Interest in net proceeds of the realisation of investments or other partnership assets after the partners' loans are repaid.
- f) Unquoted investments are valued at cost unless in the General Partners opinion there is a clear case for an increase or diminution in value.
- g) Quoted investments are valued at mid-market closing prices as at 31 March 2000, discounted by a rate considered by the directors to give a prudent valuation.

## 2. Priority Profit Share

Priority profit share paid is analysed below:

	2000 £	1999 £
Priority profit share due in respect of the financial period	59,384	58,144

## 3. Operating Income

	2000 £	1999 £
Commission receivable	496	-

## 4. Employees

The Partnership had no employees during the period (1999 : nil).



# Notes to the Financial Statements

Continued

## 5. Other interest received and receivable

	2000 £	1999 £
Bank interest	6,504	20,079

## 6(a) Investments

	1 April 1999 £	Additions £	Disposals/ Repayments £	Revaluations £	31 March 2000 £
At cost or valuation					
UK - Listed	270,938	29,819	(117,519)	438,900	622,138
UK - Unlisted	584,184	-	(175,846)	-	408,338
	<u>855,122</u>	<u>29,819</u>	<u>(293,365)</u>	<u>438,900</u>	<u>1,030,476</u>

The cost of the shares at 31 March 2000 was £545,356 (1999: £735,965).

## 6(b) Investments

Investee Company	No. and class of shares held	% of Total Equity held	Cost £	Valuation £
Capteur Sensors Ltd	35,872 10p Pref Ord	2.20%	120,171	120,171
AFA Systems PLC	138,870 25p Ords	1.70%	113,258	622,138
Virtual Access Ltd	147,041 10p Ords 155,391 Warrants	1.90%	311,927 -	288,167 -
			<u>545,356</u>	<u>1,030,476</u>

AFA Systems PLC is the only listed investment.

# Notes to the Financial Statements

Continued

## 7. Debtors

	2000	1999
	£	£
Amount due from General Partner	902	902
Bank interest receivable	1,700	1,007
Other Debtors	-	23,606
	<u>2,602</u>	<u>25,515</u>

## 8. Creditors: Amounts falling due within one year

	2000	1999
	£	£
Accruals	(6,151)	(2,900)
	<u>(6,151)</u>	<u>(2,900)</u>

## 9. Partners' Accounts

	Fully paid up Capital	Partnership Reserve
	£	£
<b>Limited Partners:</b>		
Finanssektorens Pensionskasse	1,000	325,751
Korea Technology Banking Group	500	162,876
Pensionskassen for Verkstedfunktionaerer I Jernet	500	162,876
<b>Special Limited Partners</b>	200	-
<b>General Partner</b>	100	32,575
	<u>2,300</u>	<u>684,078</u>

# Notes to the Financial Statements

Continued

## 10. Reserves

	Revaluation Reserve £	Partners' Loans £	Partnership Reserve £	Total £
At 1 April 1999	142,918	754,797	229,971	1,127,686
Retained profit for the period	-	-	454,107	454,107
Investment revaluation	365,962	-	-	365,962
Repayment of loans	-	(754,797)	-	(754,797)
At 31 March 2000	508,880	-	684,078	1,192,958

## 11. Reconciliation of movement in Partners' Funds

	2000 £	1999 £
Partnership profit/(loss)	454,107	(112,193)
Other recognised gains relating to the period	365,962	2,118
Repayment of loans from partners	(754,797)	-
Net addition to/(reduction in) partners' funds	65,272	(110,075)
Opening funds	1,129,986	1,240,061
Closing Funds	1,195,258	1,129,986

## 12. Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	2000 £	1999 £
Operating profit/(loss)	1,030,641	(74,128)
Decrease/(increase) in debtors	23,606	(23,606)
Increase/(decrease) in creditors	3,251	(9,700)
Profit on sale of investments	(1,164,474)	(10,280)
Amounts written off fixed asset investments	-	80,356
Net cash outflow from operating activities	(106,976)	(37,358)

# Notes to the Financial Statements

Continued

## 13. Reconciliation of net cash flow to movement in net funds

	2000 £	1999 £
(Decrease)/increase in cash in the period	(681)	5,404
Cash (inflow)/outflow from (decrease)/increase in liquid resources	(83,237)	(123,760)
Movement in the net funds in the period	(83,918)	(118,356)
Net funds at the start of the period	252,249	370,605
Net funds at end of period	168,331	252,249

## 14. Analysis in changes in net funds

	At 1 April 1999 £	Cash flows £	At 31 March 2000 £
Cash at bank			
- Current account	5,912	(681)	5,231
- Money Market	246,337	(83,237)	163,100
	252,249	(83,918)	168,331

## 15. Related party transactions

The partnership agreement provides that HATT II General Partner Limited shall act as General Partner of HATT II Limited Partnership and is entitled to Priority Profit Share payments as described in notes 1(d) and 2. It is also subject to a share of the Partnership profits and net proceeds of the realisation of investments and other Partnership assets after the repayment of the partners' loans pro rata to its capital contributions.

HATT II General Partner Limited has contracted the management of the Limited Partnership to its parent company, Top Technology Limited, which at 31 March 2000 was controlled by Mr. H. E. Fitzgibbons.

During the period, Top Technology Limited received directors' monitoring and financing fees of £34,500 (1999 : £40,250) directly from the partnership's investments.

Investec Group Investments (UK) Limited is a Limited Partner as well as Special Limited Partner. The other Special Limited Partner is TT Partnership (Jersey), which was formed by the employees and one of the directors of Top Technology Limited and HATT II General Partner Limited. Limited Partners are entitled to participate in profits pro rata to their capital contributions. Special Limited Partners are entitled to carried interest as described in note 1(e). No accrual has been made in the accounts for any entitlement to carried interest which would arise if the remaining assets were sold at valuations attributed to them at 31 March 2000. Based on valuations at 31 March 2000 the estimated carried interest would be £238,592.

# Notes to the Financial Statements

Continued

## 16. Ownership of General Partner

On 14 May 1999, Investec Holdings Limited through its subsidiary, Investec Group Investments (UK) Limited, sold its entire holding of 51% in Top Technology Limited to Mr. H. E. Fitzgibbons. The remaining 49% of Top Technology Limited is owned by Top Technology Holdings Incorporated, a company controlled by Mr. H. E. Fitzgibbons. On the same date, Top Technology Limited sold 49.9% of the General Partner to Investec Group Investments (UK) Limited, retaining 50.1%.