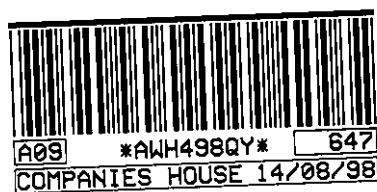


Cinven Limited

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

for the year ended 31 October 1997



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R A Hall (Chairman)
J F Brown
I A Carslaw
Y V Chotai
J G G Clarke
G B Davison
A N Joy
G J Keniston-Cooper
H M Langmuir
B A Linden
A W Marchant
R J Munton
C D Nicholson
S N Rowlands
N B Wheeler

SECRETARY

I A Carslaw

REGISTERED OFFICE

Pinner's Hall
105-108 Old Broad Street
London EC2N 1EH

BANKERS

Bank of Scotland

SOLICITORS

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London EC2A 2HA

AUDITORS

Deloitte & Touche
Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Company for the year to 31 October 1997.

Activities

The principal activity of the Company is the management of investment funds. The Company is regulated by the Investment Management Regulatory Organisation Limited (IMRO).

Review of Developments

The Cinven Fund

During the year The Cinven Fund was closed in the sum of £301,000,000 with Cinven Capital Management Limited, the general partner, contracting the Investment Management responsibilities to Cinven Limited.

Results and Dividend

The profit for the year after taxation amounted to £3,805,000 (1996, £2,792,000). During the year, the Directors declared and paid an interim dividend of £1,093,000 for the year ended 31 October 1997 (1996, £2,058,000). No further dividend is recommended for the year.

Future Prospects

The Directors anticipate that the Company will operate profitably in the coming year.

Cinven Limited

Directors and their Interests

The present membership of the Board is set out below, all of whom served throughout the year.

Mr R A Hall (Chairman)

Mr J F Brown

Mr I A Carslaw

Mr Y V Chotai

Mr J G G Clarke

Mr G B Davison

Mr A N Joy

Mr G J Keniston-Cooper

Mr H M Langmuir

Mr B A Linden

Mr A W Marchant

Mr R J Munton

Mr C D Nicholson

Mr S N Rowlands

Mr N B Wheeler

The Directors have beneficial interests in the shares of Cinven Group Limited which are disclosed in the statutory accounts of Cinven Group Limited. The Directors have no beneficial interests in the shares of any other group company. All of the Directors are Directors of Cinven Group Limited, the holding company of Cinven Limited.

The Directors of Cinven Limited are also Directors of Cinven Services Limited who provided administrative services to the Company as stated in Note 6 of the Financial Statements.

Auditors

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors

and signed on behalf of the Board



Secretary

17 December 1997

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 as at the end of the financial year and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

select suitable accounting policies and then apply them consistently;

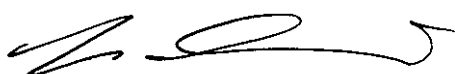
make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed;

prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

A handwritten signature in black ink, appearing to be a stylized 'S' followed by a flourish.

17 December 1997

AUDITORS' REPORT TO THE MEMBERS OF CINVEN LIMITED

We have audited the financial statements on pages 7 to 16 which have been prepared under the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described on 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.

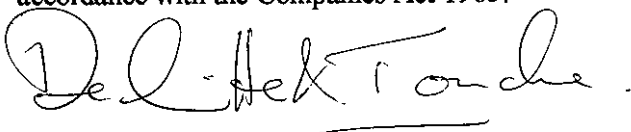
Basis of opinion

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 in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 October 1997 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and Registered Auditors

17 December 1997

Stonecutter Court

1 Stonecutter Street

London

EC4A 4TR

Cinven Limited

PROFIT AND LOSS ACCOUNT

Year ended 31 October 1997

	Note	Year ended 31 October 1997 £000	Year ended 31 October 1996 £000
Turnover	4	31,834	28,003
Cost of sales		(17,158)	(14,947)
Gross profit		14,676	13,056
Net operating expenses	5	(9,520)	(9,209)
Operating profit	4, 5	5,156	3,847
Interest receivable		623	491
Profit on ordinary activities after interest		5,779	4,338
Profit on sale of investment		100	-
Profit on Ordinary Activities before taxation		5,879	4,338
Taxation	9	(2,074)	(1,546)
Profit for the year		3,805	2,792
Equity dividends paid	10	(1,093)	(2,058)
Retained profit for the year		2,712	734
Retained profit brought forward		1,177	443
Retained profit carried forward		3,889	1,177

All income and expenses for the year ended 31 October 1997 were part of continuing operations.

The Company has no recognised gains or losses other than those included in the results above, therefore, no separate statement of total recognised gains and losses has been prepared.

The notes on pages 10 to 16 form part of these financial statements.

Cinven Limited

BALANCE SHEET

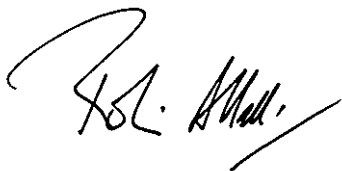
31 October 1997

	Note	31 October 1997 £000	31 October 1996 £000
Fixed Assets			
Tangible assets	11	607	962
Investments	12	-	-
		<u>607</u>	<u>962</u>
Current assets			
Debtors	13	6,897	3,258
Cash at bank and in hand		5,580	9,341
		<u>12,477</u>	<u>12,599</u>
Creditors : amounts falling due within one year	14	<u>(7,490)</u>	<u>(10,679)</u>
NET CURRENT ASSETS		<u>4,987</u>	<u>1,920</u>
TOTAL NET ASSETS		<u>5,594</u>	<u>2,882</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,705	1,705
Profit and loss account		3,889	1,177
EQUITY SHAREHOLDERS' FUNDS		<u>5,594</u>	<u>2,882</u>

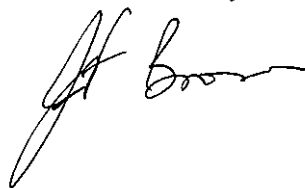
These financial statements were approved by the Board of Directors on 17 December 1997.

Signed on behalf of the Board of Directors

Director



Director



RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 October 1997

	Year ended 31 October 1997 £000	Year ended 31 October 1996 £000
Profit for the year	3,805	2,792
Dividends	(1,093)	(2,058)
Shares Issued	-	1,700
Net addition to shareholders' funds	2,712	2,434
Opening Shareholders' funds	2,882	448
Closing Shareholders' funds	5,594	2,882

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 1997

1. Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the Directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

Consolidated financial statements are not prepared as the Company is a wholly owned subsidiary of Cinven Group Limited, registered in England and Wales number 3092251.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less provision for depreciation. Depreciation is provided on a straight line basis, and is calculated to write off the cost of the assets over their expected useful economic lives. The rates of depreciation applied are:-

Plant and machinery, fixtures and fittings - 33% per annum

Work in progress - Nil % per annum

Investments

Investments are stated at cost less provisions for any permanent diminution in value.

Pensions

The Company operates a money purchase scheme and charges the cost of contributions in respect of employees' service within the year.

Performance fees

These are accounted for on a receipts basis.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

2. Cash Flow Statement

No cash flow statement has been prepared as the Company is a wholly owned subsidiary of a parent undertaking whose consolidated financial statements include a consolidated cash flow statement dealing with the cash flow of the group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Year ended 31 October 1997****3. Consolidated Accounts**

Consolidated accounts for Cinven Limited and its subsidiaries have not been prepared as Cinven Limited is a wholly owned subsidiary of Cinven Group Limited (incorporated in England and Wales). This is in accordance with The Companies Act 1985, section 228(2).

4. Analysis of Turnover, Operating Profit and Net Assets

Turnover consists of fees receivable. All turnover, operating profits and net assets were attributable to the principal activity of the business as shown in the Directors' Report.

5. Operating profit

	Year ended 31 October 1997	Year ended 31 October 1996
	£000	£000
Operating profit is after charging:		
Depreciation on tangible owned fixed assets	481	474
Auditors' remuneration		
- audit	22	20
- other services	42	118
Rentals under operating leases	-	105

6. Related party transaction

The Company has entered into an agreement with Cinven Services Limited for the provision of office, management and support services, the value of which supplied to the Company during the year amounted to £8,023,000 (1996, £3,061,000). Cinven Services Limited is owned by the Directors of Cinven Group Limited who are also Directors of the Company. The Company has no shareholding in Cinven Services Limited. At 31 October 1997, Cinven Services owed the Company £3,000,000 (1996, the Company owed Cinven Services £623,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Year ended 31 October 1997****7. Information regarding Directors**

	Year ended 31 October 1997	Year ended 31 October 1996
	£000	£000
Directors' emoluments		
Emoluments (excluding pension contributions)	1,169	1,120
Pension contributions	146	118
Highest paid Director's remuneration		
Emoluments (excluding pension contributions)	141	118
Pension contributions	21	17

All 15 Directors are in the pension scheme, which is a money purchase scheme.

8. Employee information

The average number of persons (including executive directors) was 23 (1996, 31). All were employed in an administrative nature.

	Year ended 31 October 1997	Year ended 31 October 1996
	£000	£000
Staff Costs for the above employees		
Wages and salaries	1,775	1,137
Social security costs	168	124
Other pension costs	218	157
	2,161	1,418

NOTES TO THE FINANCIAL STATEMENTS (Continued)**Year ended 31 October 1997****9. Tax on profit on ordinary activities**

	Year ended 31 October 1997	Year ended 31 October 1996
	£000	£000
United Kingdom corporation tax at an average rate of 32% (1996, 33%) based on the profit for the year	2,033	1,426
Under provision for previous year	41	-
Group relief purchased from Cinven Group Limited	-	120
	<u>2,074</u>	<u>1,546</u>

10. Dividends

	Year ended 31 October 1997	Year ended 31 October 1996
	£000	£000
Dividends paid in the year	<u>1,093</u>	<u>2,058</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 October 1997

11. Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Work in progress £000	Totals £000
Cost				
Balance at 1 November 1996	485	958	-	1,443
Additions	-	-	128	128
Transfers	31	(31)	-	-
Disposals	(5)	-	-	(5)
Balance at 31 October 1997	511	927	128	1,566
Accumulated depreciation				
Balance at 1 November 1996	162	319	-	481
Charge for the year	172	309	-	481
Transfers	11	(11)	-	-
Disposals	(3)	-	-	(3)
Balance at 31 October 1997	342	617	-	959
 Net book value at 31 October 1997	 169	 310	 128	 607
 Net book value at 31 October 1996	 323	 639	 -	 962

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 October 1997

12. Investments

	Interests in Subsidiary undertakings	Other investments	Totals
	£	£	£
Cost			
Balance at 1 November 1996	6	11	17
Additions	-	-	-
Disposals	-	(11)	(11)
Balance at 31 October 1997	6	-	6
Net book value at 31 October 1997	6	-	6
Net book value at 31 October 1996	6	11	17

The following are subsidiary undertakings of the Company.

Subsidiary undertakings	Country of registration and operation	Activity	Portion of ordinary shares held
Cinven Investors Nominees Limited	England	Nominee	100%
Cinven Nominees Limited	England	Nominee	100%
RoyVenture Nominees Limited	England	Nominee	100%
Cinven Capital Management Limited	England	Investment holding company	100%

13. Debtors

	31 October 1997	31 October 1996
	£000	£000
Amounts falling due within one year		
Trade debtors	1,262	1,096
Other debtors	4,992	1,582
Prepayments and accrued income	643	580
	<u>6,897</u>	<u>3,258</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Year ended 31 October 1997

14. Creditors : amounts falling due within one year

	31 October 1997	31 October 1996
	£000	£000
Payments received on account	2,194	3,874
Trade creditors	472	305
Taxation and social security	1,785	996
Amount owed to parent company	1,500	1,500
Other creditors	-	623
Accruals	1,539	3,381
	<u>7,490</u>	<u>10,679</u>

15. Called up share capital

	31 October 1997		31 October 1996	
	Number of shares	Share capital	Number of shares	Share capital
		£		£
Authorised				
Ordinary shares of £1 each	<u>1,705,000</u>	<u>1,705,000</u>	<u>1,705,000</u>	<u>1,705,000</u>
Called up, allotted and fully paid				
Ordinary shares of £1 each	<u>1,705,000</u>	<u>1,705,000</u>	<u>1,705,000</u>	<u>1,705,000</u>

16. Pension schemes

The Cinven Pension Scheme, a money purchase scheme, was set up to provide retirement benefits to the employees. The total cost to the Company in the year for contributions was £218,000 (1996, £157,000).

17. Ultimate parent company

The Directors regard Cinven Group Limited, a company registered in England and Wales as its immediate and ultimate parent company. Copies of the parent's consolidated financial statements can be obtained from The Registrar of Companies, Crown Way, Maindy, Cardiff CF4 3UZ.