

**CWB CAPITAL PARTNERS
INVESTMENTS LIMITED**

**REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 1996**



Registered In England No. 2708886

CWB CAPITAL PARTNERS INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1996

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CWB CAPITAL PARTNERS INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report to the members together with the financial statements for the year ended 31 December 1996 which were approved by them on 28 April 1997.

Business review

The company acts as the General Partner to ten Limited Partnerships (collectively CWB Capital Partners Funds I, "the Fund") whose objective is to make equity and equity related investments in European businesses. This will continue to be the activity of the company in the future.

Results and dividend

The results for the year are set out in the profit and loss account on page 7. The directors recommend the payment of a dividend for the year of £2,455,000 (1995 - £2,076,000).

Liability Insurance

The Company has professional indemnity insurance in place in respect of the duties of the company's Directors.

Directors

The directors of the company during the year were:-

	Appointed	Resigned
F. J. Hollendoner	1.10.93	20.11.96
N. E. Doughty	17.7.92	
C.N.A. Castleman	17.7.92	20.11.96
R.L. Mestwerdt	1.12.92	20.11.96
C. von Roehl	25.8.94	
R. T. Long	10.2.95	

Directors' interests

The interests of the Directors in office at 31 December 1996 in the fully paid 25p share capital of Standard Chartered PLC according to the register maintained under Section 325 of the Companies Act 1985 were as follows:-

Director	Shares		Options	
	1.1.96	31.12.96	1.1.96	31.12.96
R. T. Long	4,209	5,196	47,533	50,592

CWB CAPITAL PARTNERS INVESTMENTS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

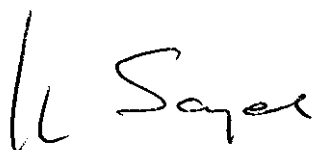
Operating arrangements

On 9 August 1996 the Company signed an Investment Management Agreement and an Operating Arrangements Agreement. Under the terms of those agreements, previous arrangements with the Doughty Hanson & Co Limited (formerly known as CWB European Capital Partners Limited) group of companies for the sharing of costs were terminated with effect from 31 March 1996. In addition, these agreements set out the terms under which the operational management of CWB Capital Partners Funds would with effect from 1 April 1996 be carried out by Doughty Hanson & Co Managers Limited (formerly known as CWB European Capital Partners Managers Limited).

Auditors

The auditors, Coopers & Lybrand, have signified their willingness to continue in office and, in accordance with Section 385 of the Companies Act 1985, a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

By order of the Board.



I.L. Sayers
Secretary
28 April 1997

Registered Office
75 King William Street
London
EC4N 7HA

CWB CAPITAL PARTNERS INVESTMENTS 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 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records 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.

The Directors confirm that the financial statements comply with the above requirements.

REPORT OF THE AUDITORS TO THE MEMBERS OF CWB CAPITAL PARTNERS INVESTMENTS LIMITED

We have audited the financial statements on pages 7 to 15.

Respective responsibilities of directors and auditors

As described on page 5, the directors of the Company 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.

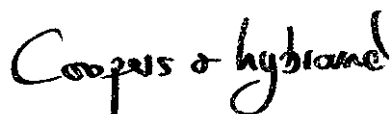
Basis of opinion

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 at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants
Registered Auditors
London
28 April 1997

CWB CAPITAL PARTNERS INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

	Notes	1996 £'000	1995 £'000
Turnover - continuing operations			
Income from Limited Partnerships		942	2,537
Other income	1	<u>3,276</u>	<u>2,523</u>
		4,218	5,060
Administrative expenses - continuing operations		<u>(1,036)</u>	<u>(2,420)</u>
Operating profit - continuing operations		3,182	2,640
Interest receivable and similar income		73	336
Interest payable and similar charges		—	—
Profit on ordinary activities before taxation	2	3,255	2,976
Taxation	5	<u>(800)</u>	<u>(900)</u>
Profit on ordinary activities after taxation		2,455	2,076
Dividends	6	<u>(2,455)</u>	<u>(2,076)</u>
Retained profit for the year		<u>—</u>	<u>—</u>

The company has no recognised gains or losses other than the profits above and therefore no separate statement of recognised gains or losses has been presented.

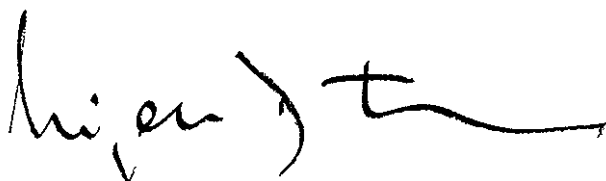
There is no difference between either the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

CWB CAPITAL PARTNERS INVESTMENTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1996

	Notes	1996 £'000	1995 £'000
Fixed assets			
Investments	7	<u>79</u>	<u>66</u>
Current assets			
Debtors	8	604	103
Cash		<u>3,053</u>	<u>2,866</u>
		<u>3,657</u>	<u>2,969</u>
Creditors: amounts falling due within one year	9	<u>3,636</u>	<u>2,935</u>
Net current assets		<u>21</u>	<u>34</u>
Total assets less current liabilities		<u><u>100</u></u>	<u><u>100</u></u>
Capital and Reserves			
Called-up share capital	10	100	100
Profit and loss account		<u>-</u>	<u>-</u>
Shareholders' funds (equity)	11	<u><u>100</u></u>	<u><u>100</u></u>

The financial statements on pages 7 to 15 were approved by the Board of Directors on 28 April 1997 and were signed on its behalf by:-



N.E. Doughty
Director

CWB CAPITAL PARTNERS INVESTMENTS LIMITED

ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards except in respect of the consolidation of Limited Partnership funds as disclosed below.

A summary of the more important Group accounting policies which have been applied consistently is set out below.

The headings and formats adopted in the profit and loss account have been adapted from those specified in the Companies Act 1985 as, in the opinion of the Directors, those adopted more appropriately reflect the nature of the Group's business.

Limited Partnership funds

The Company manages ten venture capital limited partnerships in which it has a small participating interest, and for which it acts as the general partner. These limited partnerships technically fall within the definition of subsidiary undertakings under the Companies Act 1985 and Financial Reporting Standard No. 2 and are required by that Act and that Standard to be consolidated into the financial statements of the group.

In the opinion of the Directors, full consolidation would not give a true and fair view of the interests of the Company in the limited partnerships since the nature of these limited partnerships and their investment activities is such that they are effectively funds to which the company provides investment management services. In addition, the resulting minority interests would be considerably greater than the interests of the Company. Consequently, the accounts of these limited partnerships have been proportionately consolidated in these accounts with the effect of this proportionate consolidation included in Investments. If they had been consolidated in full the effect would have been to increase net assets and minority interests by £61,886,208 (1995 - £72,899,738), and profit before tax by £3,453,528 (1995 - £41,535,766). The proportionate consolidation has no material impact on group reserves.

Investments held through Limited Partnership funds

Investments held through the Limited Partnerships, which aggregated together constitute CWB Capital Partners Funds, are made with the express intention of capital appreciation. It is not considered by the Directors that these investments fall within the definition of subsidiary undertakings as defined in FRS 2 and of associated undertakings as defined in the Companies Act 1985 as amended and in SSAP 1.

CWB CAPITAL PARTNERS INVESTMENTS LIMITED

ACCOUNTING POLICIES (CONTINUED)

Fixed asset investments

Investments are valued at cost less provision, if appropriate, for permanent diminution in value.

Deferred taxation

Provision is made for deferred taxation under the liability method to the extent that, in the opinion of the directors, the asset or liability is expected to crystallise in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Income recognition

Partnership income is recognised when earned, which is usually the date upon which the individual limited partnership agreements are signed.

Deferred income

Preferential drawings received prior to the due date are accounted for as deferred income.

CWB CAPITAL PARTNERS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

1 Other income

This comprises amounts received in respect of the interests of the Company in both CWB Capital Partners Funds I of £821,000 (1995 - £2,523,000) and in Doughty Hanson & Co Funds II (formerly known as CWB European Capital Partners Funds II) of £2,455,000 (1995 - nil).

2 Profit on ordinary activities

Profit on ordinary activities before taxation is stated after charging/(crediting)

	1996 £'000	1995 £'000
Audit fees	9	6
Management charge payable to parent undertaking	281	2,341
Management charge payable to Doughty Hanson & Co Managers Limited	668	-
Exchange (gains)/losses	(6)	5

3 Directors' emoluments

No directors received emoluments during the year in respect of their services as directors of the Company.

4 Employee information

There were no employees of the company during the year, all duties being performed by the employees of CWB Capital Partners Limited and, under the terms of an agreement dated 9 August 1996, Doughty Hanson & Co Managers Limited.

5 Tax on profit on ordinary activities

The tax charge for the year comprises	1996 £'000	1995 £'000
Corporation tax at 33% (1995 - 33%)	1,086	900
Over provision in respect of prior years	(286)	-
	<u>800</u>	<u>900</u>

CWB CAPITAL PARTNERS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

6 Dividends

Dividends on equity shares	1996 £'000	1995 £'000
Interim paid of £20.00 per share (30 December 1996)	2,000	-
Final proposed of £4.55 per share (1995 - £20.76)	<u>455</u>	<u>2,076</u>
	<u>2,455</u>	<u>2,076</u>

7 Investments

	1996 £'000	1995 £'000
Interests in Limited Partnerships of the Fund		
Limited Partnership No. 1	12	12
Limited Partnership No. 2	1	1
Limited Partnership No. 3	5	5
Limited Partnership No. 4	1	1
Limited Partnership No. 5	4	4
Limited Partnership No. 6	1	1
Limited Partnership No. 7	5	5
Limited Partnership No. 8	1	1
Limited Partnership No. 9	10	10
Limited Partnership No. 10	<u>1</u>	<u>1</u>
	<u>41</u>	<u>41</u>

Net aggregated assets of the Fund as at 31 December 1996 amounted to £61,886,208 (1995 - £72,899,738). The above investments in the Fund which, as explained in the accounting policies, are proportionately consolidated in the consolidated accounts of the parent company, CWB Capital Partners Limited. The Company has taken advantage of the exemption under Regulation 7 of The Partnerships and Unlimited Companies (Accounts) Regulations 1993 to prepare accounts of the Limited Partnerships under these Regulations.

The Company also has investments totalling DM100,000 (£38,071) in the 13 Limited Partnerships which together constitute Doughty Hanson & Co Funds II, for which it does not act as general partner.

CWB CAPITAL PARTNERS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

7 Investments (continued)

Reconciliation of movements in investments	1996 £'000	1995 £'000
At 1 January	66	41
Doughty Hanson & Co Funds II	<u>13</u>	<u>25</u>
At 31 December	<u>79</u>	<u>66</u>

8 Debtors: Amounts falling due within one year

	1996 £'000	1995 £'000
Amounts owed by parent company	-	97
Prepayments and accrued income	1	6
Advance corporation tax recoverable	541	-
Amounts due from Limited Partnerships	<u>62</u>	<u>-</u>
	<u>604</u>	<u>103</u>

9 Creditors: Amounts due within one year

	1996 £'000	1995 £'000
Bank overdraft	386	-
Accruals, sundry creditors and deferred income	125	57
Advance corporation tax payable	500	-
Dividends payable	455	2,076
Amount owing to parent company	807	-
Corporation tax	<u>1,363</u>	<u>802</u>
	<u>3,636</u>	<u>2,935</u>

10 Share capital

	1996 £'000	1995 £'000
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

CWB CAPITAL PARTNERS INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996 (CONTINUED)

11 Reconciliation of movements in shareholders' funds

	1996 £'000	1995 £'000
Opening shareholders' funds	100	100
Profit for the financial year	2,455	2,076
Dividends	(2,455)	(2,076)
Closing shareholders' funds	<u>100</u>	<u>100</u>

12 Cashflow statement

As the company is a wholly owned subsidiary, its cashflow details are included in the consolidated cashflow statement of its parent, CWB Capital Partners Limited.

13 Ultimate parent company

CWB Capital Partners Investments Limited is a wholly owned subsidiary undertaking of CWB Capital Partners Limited registered in England and Wales and the consolidated financial statements are available from Companies House, Crown Way, Cardiff, Wales, CF4 3UZ.

The ultimate parent company is Standard Chartered PLC, a company registered in England and Wales. The consolidated financial statements are available from the Company Secretary at 1 Aldermanbury Square, London EC2V 7SB.

14 Related parties

The controlling party is CWB Capital Partners Limited and the ultimate controlling party is Standard Chartered PLC. The company has taken advantage of the exemption in Financial Reporting Standard No.8 ("FRS 8") from the requirement to disclose intra group transactions which are defined as related party transactions under FRS 8. Other related party transactions are as follows.

The company is the general partner in ten Limited Partnerships which together constitute CWB Capital Partners Funds I ("Fund I") in which it holds special capital. This entitles the company to a share of income and capital distributions made by the Limited Partnerships in accordance with the Limited Partnership agreements. During the year, the company received £1,762,548 from the Limited Partnerships.

CWB CAPITAL PARTNERS INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 1996 (CONTINUED)**

14 Related parties (continued)

Nigel Doughty, a director of the company has an entitlement to receive capital and income distributions from the Limited Partnerships constituting Fund I and Doughty Hanson & Co Funds II in accordance with these Limited Partnership agreements.

The company paid management fees of £668,661 to Doughty Hanson & Co Managers Limited, a company of which Nigel Doughty is a director.