

**KBEMF (GP) LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2003**



**KBEMF (GP) LIMITED****DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company is that of General Partner in the KBEMFII Co Investment Fund, an English limited partnership formed for the purpose of carrying out investment business. The company is a limited partner in a Scottish limited partnership EMF III General Partner L.P. for the purposes of receiving 25% of the carried interest entitlement in European Mezzanine Fund III. EMF III General Partner L.P. is the sole general partner in European Mezzanine Fund III.

During the year under review the business developed satisfactorily and this is expected to continue for the foreseeable future.

**RESULTS AND DIVIDENDS**

The profit and loss account is set out on page 3. The retained profit for the year of £18,886 (2002 – loss of £1,060,391) will be transferred to reserves. No interim dividend was paid during the year (2002 – £1,060,000). No final dividend was declared for the year ended 31 December 2003 (2002 – £Nil).

**DIRECTORS AND DIRECTORS' INTERESTS**

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

K P Collins	(Appointed 2 November 2003)
B J Hunt	(Resigned 2 June 2004)
M F Williams	(Resigned 31 March 2004)

A P Grover resigned as a director on 29 May 2003. C Wright was removed as a director on 11 August 2003. S L Johnston was appointed as a director on 10 June 2003 and resigned on 31 October 2003. E E Robertson was appointed a director on 2 June 2004. C C K Priebe was appointed a director on 2 June 2004.

None of the directors had a disclosable interest in the shares or debentures of any group company. The directors are exempt from disclosing their interests in the shares or debentures of the ultimate parent undertaking, Allianz AG, as it is incorporated outside the UK.

**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 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 company will continue in business.

The Director's consider that the company has adequate resources to continue operating for the foreseeable future. For this reason the going concern basis has been adopted in preparing the companies annual financial statements. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

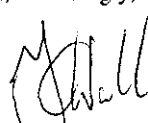
**INDEPENDENT AUDITORS**

On 31st October 2003 PricewaterhouseCoopers LLP resigned as auditors of the Company. KPMG Audit Plc have been appointed by the directors to fill the vacancy thus arising.

The directors have taken advantage of the Elective Resolution in accordance with section 379A of the Companies Act 1985 to dispense with the annual appointment of auditors and, accordingly, KPMG Audit Plc will remain in office.

Approved by the Board of Directors

Signed on behalf of the Board.

  
J.C. Wall  
Secretary  
15 September 2004



KPMG Audit Plc

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

**Independent auditors' report to the members of KBEMF (GP) Limited**

We have audited the financial statements on pages 3 to 7.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

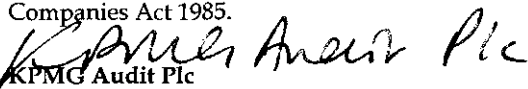
**Basis of audit opinion**

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 the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
London

15 September 2004

**KBEMF (GP) LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2003**

	Note	2003	2002
		£	£
Turnover & Operating Profit	1	2,062	-
Write down in value of investment		-	(391)
Profit/(loss) on ordinary activities before taxation		<u>2,062</u>	<u>(391)</u>
Taxation credit	3	16,824	-
Profit/(loss) on ordinary activities after taxation		<u>18,886</u>	<u>(391)</u>
Interim dividend paid		-	(1,060,000)
Retained profit/(loss) for the year		<u>18,886</u>	<u>(1,060,391)</u>

All amounts shown above derive from continuing operations.

There are no recognised gains or losses other than the loss on ordinary activities disclosed above. Accordingly, no statement of total recognised gains and losses is given.

There is no difference between the loss on ordinary activities disclosed above and its historical cost equivalent.

A statement showing the movement in reserves is set out in note 8 on page 7.

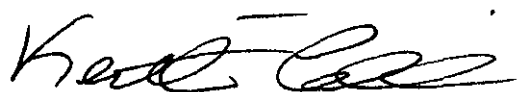
The notes on pages 5 to 7 form part of these financial statements.

**KBEMF (GP) LIMITED****BALANCE SHEET****As at 31 December 2003**

	Note	2003	2002
		£	£
<b>FIXED ASSETS</b>			
Investments	4	1,345	1,345
<b>CURRENT ASSETS</b>			
<b>Debtors</b> - amounts falling due within one year	5	29,898	29,841
<b>Creditors</b> - amounts falling due within one year	6	-	(18,829)
<b>NET CURRENT ASSETS</b>		29,898	11,012
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		31,243	12,357
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	2	2
Profit and loss account	8	31,241	12,355
<b>SHAREHOLDERS' FUNDS</b>		31,243	12,357

These financial statements were approved by the Board of Directors on 15 September 2004.

Signed on behalf of the Board of Directors.



K. P. Collins - Director

The notes on pages 5 to 7 form an integral part of these financial statements.

**KBEMF (GP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2003****1. ACCOUNTING POLICIES****Basis of preparation**

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention. The particular accounting policies adopted are described below.

**Turnover**

Turnover represents income receivable from the partnerships, calculated in accordance with section 7.1 of the partnership agreement, and the company's share of distributable net profit within the partnerships.

**Fixed asset investment**

The company acts as a general partner to, and has a participating interest in KBEMF II Co Investment Fund. Furthermore, the company has a participating interest in EMF III General Partner L.P. The company's investments in the Limited Partnerships are shown as fixed asset investments.

**Cash flow statement**

The company has taken advantage of the exemption under Financial Reporting Standard No1 (revised) not to prepare a cash flow statement at the year end on the grounds that an intermediate parent undertaking, Dresdner Kleinwort Wasserstein Group Limited, prepares consolidated accounts which are publicly available.

**Related party disclosure**

KBEMF (GP) Limited's intermediate parent undertaking, Dresdner Kleinwort Wasserstein Group Limited, prepares consolidated financial statements which are publicly available. Accordingly, advantage is taken in these financial statements of the exemptions available in Financial Reporting Standard No. 8 for disclosure of transactions with entities that are part of the group or investees of group entities as related parties.

**2. ADMINISTRATIVE EXPENSES**

All administrative expenses are borne by the immediate parent undertaking, Dresdner Kleinwort Wasserstein Limited. These include the remuneration of the independent auditors. None of the directors received any emoluments for their services to the company (2002-£ nil). The company had no employees during the year.

**KBEMF (GP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2003****3. TAXATION CREDIT****2003                      2002****£                              £**

Taxation is based on the taxable income for the year and comprises:

Adjustment in respect of prior years	(16,824)	-
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The reconciliation below explains the difference between the tax charge in the accounts and the profit or loss before tax charged at the standard rate.

Profit/(loss) on ordinary activities before tax	2,062	(391)
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Profit/(loss) multiplied by the standard rate of tax 30%	619	(117)
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*Effects of:*

Expenses not deductible for tax purposes	-	117
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Group losses utilised free of charge	(619)	-
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Adjustments in respect of previous years	(16,824)	-
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Current tax (credit) for the year	(16,824)	-
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The tax credit arises from a correction of group relief payable prior to 31 December 2001. Since that date it is DrKW Group policy to surrender tax losses at no charge and hence there is no group relief charge for 2003.

**4. INVESTMENTS****£**

Cost at 1 January and 31 December 2003	35,481
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Provision at 1 January 2003	(34,136)
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Net book value at 31 December 2003 and 31 December 2002	1,345
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<b>2003</b>	<b>2002</b>
<b>£</b>	<b>£</b>

**5. DEBTORS: amounts falling due within one year**

Amounts owed from immediate parent undertaking	29,898	29,841
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**6. CREDITORS: amounts falling due within one year**

Amounts owed to immediate parent undertaking	-	2,005
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Taxation	-	16,824
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-	18,829
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**KBEMF (GP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2003****7. CALLED UP SHARE CAPITAL**

Authorised:

1,000 ordinary shares of £1 each	1,000	1,000
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Allotted and fully paid:

2 ordinary shares of £1 each	2	2
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**8. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES**

	<b><u>Issued Share Capital</u></b> £	<b><u>Profit and Loss Account</u></b> £	<b><u>Shareholders' Funds 2003</u></b> £	<b><u>2002</u></b> <b><u>Total</u></b> £
Balance as at 1 January	2	12,355	12,357	1,072,848
Profit/(loss) for the year	-	18,886	18,886	(391)
Dividend	-	-	-	(1,060,000)
Balance as at 31 December	2	31,241	31,243	12,357

**9. RELATED PARTIES**

Other related party transactions are as follows:

The company is a limited partner in a Scottish limited partnership EMF III General Partner L.P. for the purposes of receiving 25% of the carried interest entitlement in European Mezzanine Fund III. EMF III General Partner L.P. is the sole general partner in European Mezzanine Fund III.

**10. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking is Allianz AG, a company incorporated in Germany.

For consolidation purposes Dresdner Kleinwort Wasserstein Group Ltd, a company incorporated in Great Britain and registered in England and Wales, is the parent undertaking of the smallest group of which the company is a member. Copies of the consolidated financial statements of Dresdner Kleinwort Wasserstein Group Ltd for the year ended 31 December 2003 will be filed in due course at the Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ. Financial statements for Allianz AG are available from Allianz AG, Investor Relations, Koeniginstrasse 28, D-80802 Munich, Germany.