

**KBEMF (GP) LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2001**



**KBEMF (GP) LIMITED**

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

**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 4.

No dividend was recommended or paid during the year to 31 December 2001.

**DIRECTORS AND DIRECTORS' INTERESTS**

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

S J Brooks  
J H Pattinson  
M F Williams  
C Wright

S J Brooks resigned as a director of the company and A P Grover was appointed a director of the company on 22 May 2002. J H Pattinson resigned as a director of the company and B J Hunt was appointed a director of the company on 12 September 2002.

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 company, Allianz AG, at the year-end, as it is incorporated outside the UK.

**KBEMF (GP) LIMITED**

**DIRECTORS' REPORT (continued)**

**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 the going concern basis unless it is inappropriate to presume that the company will continue in business; and

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.

**AUDITORS**

The company has passed an elective resolution in accordance with section 379A of the Companies Act 1985 to dispense with the annual appointment of the auditors; accordingly PricewaterhouseCoopers will remain in office.

Approved by the Board of Directors  
and signed on behalf of the Board



J C Wall  
Secretary

18 December 2002

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

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

**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 at 31<sup>st</sup> December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

18 December 2002

**KBEMF (GP) LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2001**

	Note	2001 £	2000 (restated)* £
Turnover	3	52,143	79,726
Administrative expenses	2	-	(286,260)
Other expenses	1b	-	(351,475)
Operating profit/(loss)		52,143	(558,009)
Write down in value of investment		(33,745)	-
Profit/(loss) on ordinary activities before taxation.		18,398	(558,009)
Tax on profit/(loss) on ordinary activities	4	507,458	(253,026)
Profit/(loss) on ordinary activities after taxation.		525,856	(811,035)
Retained profit/(loss) for the year		525,856	(811,035)

\* See Note 1

All amounts shown above derive from continuing operations.

**Statement of Total Recognised Gains and Losses****For the year ended 31 December 2001**

	2001 £	2000 £
Profit/(loss) on ordinary activities after taxation	525,856	(811,035)
Prior year adjustment (see Note 1)	(324,349)	-
Total gains and (losses) recognised since the last annual report	201,507	(811,035)

There is no difference between the results for the year stated above and historical cost equivalents.

The notes on pages 6 to 9 form part of these financial statements.

A statement showing the movement in reserves is set out in note 9 on page 9.

**KBEMF (GP) LIMITED****BALANCE SHEET**

As at 31 December 2001

	Note	2001 £	2000 (restated)* £
<b>FIXED ASSETS</b>			
Investments	5	1,736	35,481
<b>CURRENT ASSETS</b>			
Debtors- amounts falling due within one year	6	1,884,305	1,907,213
Creditors- amounts falling due within one year	7	(813,293)	(1,395,802)
<b>NET CURRENT ASSETS</b>		1,071,012	511,411
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,072,748</u>	<u>546,892</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	2	2
Profit and loss account	9	1,072,746	546,890
<b>SHAREHOLDERS' FUNDS</b>		<u>1,072,748</u>	<u>546,892</u>

\* See Note 1

These financial statements were approved by the Board of Directors on 18 December 2002.

Signed on behalf of the Board of Directors.



A. P. Grover - Director

The notes on pages 6 to 9 form an integral part of these financial statements.

**KBEMF (GP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2001****1. ACCOUNTING POLICIES****(a) 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.

**(b) Prior year adjustment**

As a result of fundamental accounting errors in the 2000 accounts, debtors were overstated by £613,958 and interest of £289,609 had been accrued on an interest free loan to the company. The comparatives for 2000 have been restated to reverse both the debtor and the interest accrual through other expenses in the profit and loss account. No adjustment is required to the provision for taxation.

**(c) 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, exclusive of Value Added Tax.

**(d) 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.

**(e) 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 the intermediate parent undertaking, Dresdner Kleinwort Wasserstein Group Limited, prepares consolidated accounts which are publicly available.

**(f) Related party disclosure**

KBEMF (GP) Limited's intermediate parent undertaking at year-end, 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.

**KBEMF (GP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2001

**2. ADMINISTRATIVE EXPENSES**

All administrative expenses are borne by the immediate parent undertaking, Dresdner Kleinwort Wasserstein Limited. These include the remuneration of the auditors. None of the directors received any emoluments for their services to the company (2000-£ nil). The company had no employees during the year.

**3. TURNOVER**

	2001 £	2000 £
General partner's share of partnership profits	-	286,260
Company's share of distributable net profit/(loss)	52,143	(206,534)
	<u>52,143</u>	<u>79,726</u>

**4. TAX ON LOSS ON ORDINARY ACTIVITIES**

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

Group relief payable at 30% of taxable profit	(11,816)	(253,026)
Adjustment in respect of prior years	<u>519,274</u>	<u>-</u>
	<u>507,458</u>	<u>(253,026)</u>

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	18,398	(558,009)
Profit/(loss) multiplied by the standard rate of tax 30%	5,519	(167,403)
<i>Effects of:</i>		
Income taxed on an arising basis	-	323,124
Expenses not deductible for tax purposes	10,124	97,305
Utilisation of tax losses	(3,827)	-
Adjustments in respect of previous years	<u>(519,274)</u>	<u>-</u>
Current tax (credit)/charge for the year	<u>(507,458)</u>	<u>253,026</u>



**KBEMF (GP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2001

	2001 £	2000 (restated) £
<b>5. INVESTMENTS</b>		
Cost at 1 January 2001	35,481	944,851
Movement during year	-	(74,301)
Write down in value of investment	(33,745)	-
Disposal of investment in KBEMF II	-	(835,069)
Cost at 31 December 2001	<u>1,736</u>	<u>35,481</u>
<b>6. DEBTORS: amounts falling due within one year</b>		
Amounts owed from immediate parent undertaking	1,035,253	906,223
Amounts owed by other group companies	849,052	836,069
Amounts owed by funds	-	164,921
	<u>1,884,305</u>	<u>1,907,213</u>
<b>7. CREDITORS: amounts falling due within one year</b>		
Amounts owed to immediate parent undertaking	796,469	871,520
Taxation	16,824	524,282
	<u>813,293</u>	<u>1,395,802</u>
<b>8. CALLED UP SHARE CAPITAL</b>		
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**KBEMF (GP) LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2001

**9. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES**

	Issued Share Capital £	Profit and Loss Account £	Total £
Balance as at 1 January 2001			
As previously stated	2	871,239	871,241
Adjustment for prior years	-	(324,349)	(324,349)
Balance at 1 January 2001 as restated	2	546,890	546,892
Profit for the year	-	525,856	525,856
Balance as at 31 December 2001	2	1,072,746	1,072,748

**10. 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.

Balances with the parent and other group undertakings are shown in notes 8 and 9 to the accounts.

**11. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking for the period to 23<sup>rd</sup> July 2001 was Dresdner Bank AG, a company incorporated in Germany. Since 23<sup>rd</sup> July 2001 the ultimate parent undertaking has been 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 and Dresdner Bank AG for the year ended 31<sup>st</sup> December 2001 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.