

KBEMF (GP) LIMITED
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 1997



KBEMF (GP) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1997.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is that of General Partner in the Kleinwort Benson European Mezzanine Fund II (KBEMFII), an English limited partnership formed for the purpose of carrying out investment business.

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

DIRECTORS AND DIRECTORS' INTERESTS

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

R I Collins
C J B Howe
S A Jack
E W Linnes
K A Murphy
M Stringfellow
A J White

S B Wakefield resigned on 23 January 1997. A J White resigned on 13 July 1998.

The disclosable interests of C J B Howe, S A Jack and M Stringfellow in the shares and debentures of group companies are shown in the directors' report of Kleinwort Benson Limited.

None of the other 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, Dresdner Bank AG, as it is incorporated outside the UK.

AUDITORS

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998 and a resolution to appoint the new firm, PricewaterhouseCoopers as auditors to the Company will be proposed at the annual general meeting.

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



A Morrison
Secretary

29 September 1998

KBEMF (GP) 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 as at the end of the financial year and of the profit or loss of the Company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the 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 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.

KBEMF (GP) LIMITED**AUDITORS' REPORT TO THE MEMBERS**

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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.

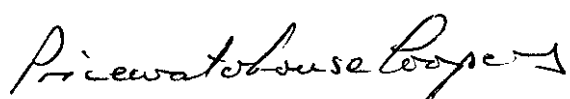
Basis of opinion

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 the Company's affairs as at 31 December 1997 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
1 Embankment Place
London
WC2N 6NN

2 October 1998

KBEMF (GP) LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 1997

	Note	1997 £	1996 £
TURNOVER	3	939,123	967,091
ADMINISTRATIVE EXPENSES	2	(837,366)	(965,544)
		<hr/>	<hr/>
OPERATING PROFIT		101,757	1,547
Interest payable and similar charges	4	(60,747)	(17,499)
		<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		41,010	(15,952)
Taxation on profit/(loss) on ordinary activities	5	(12,918)	5,252
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		28,092	(10,700)
		<hr/>	<hr/>

All activities are continuing and there are no recognised gains or losses for the current financial year and preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is shown.

A Statement showing the movement in the profit and loss account is set out in note 10 on page 9.

All amounts stated above derive from continuing activities.

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

A statement showing the movements in reserves is set out in note 10 on page 9.

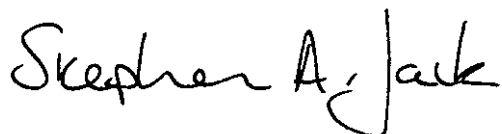
KBEMF (GP) LIMITED**BALANCE SHEET**

As at 31 December 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Investment	6	20	20
CURRENT ASSETS			
DEBTORS – amounts falling due within one year	7	1,697,056	787,555
CREDITORS: amounts falling due within one year	8	(1,645,050)	(763,641)
		<hr/>	<hr/>
NET CURRENT ASSETS		52,006	23,914
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		52,006	23,934
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account	10	52,024	23,932
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS		52,026	23,934
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 29 September 1998.

Signed on behalf of the Board of Directors.



S. A. Jack - Director

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

KBEMF (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the year ended 31 December 1997**1. ACCOUNTING POLICIES****(a) Accounting Convention**

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention.

(b) Turnover

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

(c) Investments

Investments are carried in the balance sheet at cost.

(d) Cash flow statement

These financial statements do not include a cash flow statement as required by Financial Reporting Standard No.1 (Revised 1996) as a consolidated cash flow statement is prepared by Kleinwort Benson Group plc, the parent company as at 31 December 1997.

(e) Related party disclosure

KBEMF (GP) Limited is a wholly owned subsidiary of Kleinwort Benson Limited. The ultimate parent undertaking is Dresdner Bank AG. The company has taken advantage of the exemption available in Financial Reporting Standard No. 8 not to disclose inter-group related party transactions.

2. ADMINISTRATIVE EXPENSES

All administrative expenses comprise fees payable to Kleinwort Benson Limited in respect of their management of the limited partnership. All other costs of administration are borne by the immediate parent undertaking, Kleinwort Benson Limited. These include the remuneration of the auditors. None of the directors received any emoluments for their services to the company. The company had no employees during the period.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 1997

	1997 £	1996 £
3. TURNOVER		
General partner's share of partnership profits	837,366	965,544
Company's share of distributable net profit	101,757	1,547
	<u>939,123</u>	<u>967,091</u>
4. INTEREST PAYABLE AND SIMILAR CHARGES		
On sterling wholly repayable within 5 years	(60,747)	(17,499)
	<u> </u>	<u> </u>
5. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Taxation is based on the profits for the year and comprises:		
Group relief (payable)/receivable at 31.5% of taxable profit (1996 - 33%)	(12,918)	5,252
	<u> </u>	<u> </u>
6. INVESTMENT		
Cost	20	20
	<u> </u>	<u> </u>
31 December 1997	20	20
	<u> </u>	<u> </u>
The investment represents capital contributions to KBEMF II.		

KBEMF (GP) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 1997**

	1997 £	1996 £
7. DEBTORS: amounts falling due within one year		
Amounts owed from immediate parent undertaking	135,730	72,521
Amounts owed by fellow subsidiaries	1,561,326	715,034
	<hr/>	<hr/>
	1,697,056	787,555
	<hr/>	<hr/>
8. CREDITORS: amounts falling due within one year		
Amounts owed to immediate parent company	1,645,050	737,004
Group relief payable	-	26,637
	<hr/>	<hr/>
	1,645,050	763,641
	<hr/>	<hr/>
9. CALLED UP SHARE CAPITAL		
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted and fully paid:		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

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

	<u>Issued Share Capital</u> £	<u>Profit and Loss Account</u> £	<u>Total</u> £
Balance as at 1 January 1997	2	23,932	23,934
Profit for the year	-	28,092	28,092
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 1997	2	52,024	52,026
	<hr/>	<hr/>	<hr/>

11. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Dresdner Bank AG, a company incorporated in Germany. For consolidation purposes Kleinwort Benson Group plc remains the parent undertaking of the smallest group of which the Company is a member. Copies of the consolidated financial statements of both of these companies are available at the Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.