

KBEMF (GP) LIMITED

Report and Financial Statements

For the year ended 31 December 1996



KBEMF (GP) LIMITED DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

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
S B Wakefield
A J White

S B Wakefield resigned on 23 January 1997.

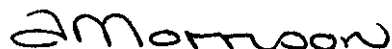
The disclosable interests of C J B Howe, S A Jack and M Stringfellow in the shares and debentures of group companies are shown in the directors' report of Kleinwort Benson Limited.

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

Coopers & Lybrand have expressed their willingness to act as auditors of the company and a resolution for their reappointment will be proposed at the forthcoming AGM.

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



A Morrison
Secretary

27th October 1997

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;
- 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.

KBEMF (GP) LIMITED
AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 8 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 the 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.

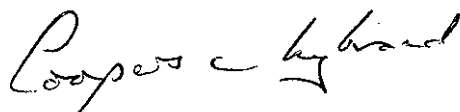
Basis of Opinion

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 1996, and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and
Registered Auditors
1 Embankment Place
London
WC2N 6NN

30 October 1997

KBEMF (GP) LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 1996

	Note	1996 £	1995 £
TURNOVER	2	967,091	563,412
ADMINISTRATIVE EXPENSES	3	(965,544)	(502,626)
		<hr/>	<hr/>
OPERATING PROFIT		1,547	60,786
Other interest receivable and similar income		-	1,381
Interest payable and similar charges		(17,499)	(10,478)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(15,952)	51,689
Taxation credit/(charge)	4	5,252	(17,057)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	9	(10,700)	34,632
		<hr/>	<hr/>

There are no gains and losses for the period other than the (loss)/profit on ordinary activities after taxation disclosed above. Accordingly, no statement of total recognised gains and losses is given.

A statement showing the movement in the profit and loss account is set out in note 9 on page 8.

All amounts stated above derive from continuing activities

The notes on pages 6 to 8 form an integral part of these financial statements.

KBEMF (GP) LIMITED
BALANCE SHEET
As at 31 December 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Investments	5	20	20
CURRENT ASSETS			
DEBTORS - amounts falling due within one year	6	787,555	808,645
CREDITORS - amounts falling due within one year	7	(763,641)	(774,031)
NET CURRENT ASSETS		<u>23,914</u>	<u>34,614</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>23,934</u>	<u>34,634</u>
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account	9	<u>23,932</u>	<u>34,632</u>
EQUITY SHAREHOLDERS' FUNDS		<u>23,934</u>	<u>34,634</u>

These financial statements were approved by the Board of Directors on 27th October 1997.

Signed on behalf of the Board of Directors

Stephen A. Jack

S.A. Jack Director

The notes on pages 6 to 8 form an integral part of these financial statements.

KBEMF (GP) LIMITED
NOTES TO THE ACCOUNTS
For the period ended 31 December 1996

1. ACCOUNTING POLICIES

Accounting Convention

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

Turnover

Turnover represents income receivable from Kleinwort Benson European Mezzanine Fund II (KBEMF II), calculated in accordance with section 7.1 of its partnership agreement, and the company's share of distributable net profit within the partnership, exclusive of value added tax.

Investments

Investments are carried in the balance sheet at cost.

Related party transactions

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.

Cash flow statement

These financial statements do not include a cash flow statement as required by Financial Reporting Standard No.1 as a consolidated cash flow statement is prepared by Kleinwort Benson Group plc, an intermediate parent company.

	1996 £	1995 £
2. TURNOVER		
General partner's share of KBEMF II profits	965,544	502,626
Company's share of distributable net profit of KBEMF II	1,547	60,786
	<hr/> 967,091	<hr/> 563,412

3. ADMINISTRATIVE EXPENSES

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.

	1996 £	1995 £
4. TAXATION CREDIT/(CHARGE)		
Taxation is based on the profit for the period and comprises:		
Group relief receivable/(payable) at 33%	5,252	(17,057)
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KBEMF (GP) LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 December 1996

	1996 £	1995 £
5. INVESTMENTS		
Cost	20	20
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The investments represent capital contributions to KBEMF II.		
6. DEBTORS: amounts falling due within one year		
Amounts due from immediate parent undertaking	72,521	307,671
Amounts due from KBEMF II	715,034	500,974
	<hr/>	<hr/>
	787,555	808,645
	<hr/>	<hr/>
7. CREDITORS: amounts falling due within one year		
Amounts due to immediate parent undertaking	737,004	756,974
Group relief payable	26,637	17,057
	<hr/>	<hr/>
	763,641	774,031
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8. CALLED UP SHARE CAPITAL		
	1996 £	1995 £
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
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KBEMF (GP) LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 December 1996

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

	Issued share capital £	Profit and loss account £	Total 1996 £
At beginning of the year	2	34,632	34,634
Loss attributable to members of the company	-	(10,700)	(10,700)
	<hr/>	<hr/>	<hr/>
At the end of the year	2	23,932	23,934
	<hr/>	<hr/>	<hr/>

10. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Dresdner Bank AG, a company incorporated in Germany. For consolidation purposes, Kleinwort Benson Group plc, 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 both of these companies, for the year ended 31 December 1996, are filed at the Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.