

ELECTRA FLEMING GP (UNQUOTED UK) LIMITED

REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH SEPTEMBER 1998**

**REGISTERED NUMBER
3053568**



ELECTRA FLEMING GP (UNQUOTED UK) LIMITED

Board of Directors

Hugh Anthony Lewis Holland Mumford (*Chairman*)
Philip John Dyke
Robert John Lewis
Stephen Daryl Ozin
Julian David Knott (Alternate Director for HALH Mumford)
Kalvin Bret Booth (Alternate Director for RJ Lewis)

Secretary and Registered Office

Philip John Dyke
65 Kingsway
London
WC2B 6QT

ELECTRA FLEMING GP (UNQUOTED UK) LIMITED

Report of the Directors

The Directors present their Report and the financial statements of the Company for the year ended 30th September 1998.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company is the General Partner of a Limited Partnership which invests in unquoted securities. The business of the Company has been profitable and is expected to continue to be profitable.

YEAR 2000 AND EMU

The Directors have assessed the impact and extent of the Year 2000 and EMU issues on its business and operations for the Company and for the group. The costs associated with addressing these issues, including the acquisition of a Year 2000 compliant accounting system, have been borne by another group company.

While the Directors believe that the Company will achieve an acceptable state of readiness, it is not possible, given the complexity of the problem, for any organisation to guarantee Year 2000 compliance.

RESULTS AND DIVIDENDS

The profit attributable to shareholders for the period amounted to £1,325,382. Interim dividends paid amounted to £200,000. The Directors do not recommend the payment of a final dividend. The balance of £1,175,382 was transferred to reserves.

DIRECTORS

Mr PJ Dyke, Mr RJ Lewis and Mr HALH Mumford were Directors throughout the year ended 30th September 1998. Mr SD Ozin and Mr JD Knott were Alternate Directors for Mr RJ Lewis and Mr HALH Mumford respectively throughout the year ended 30th September 1998. Mr SD Ozin was appointed a Director on 2nd March 1998. Mr KB Booth was appointed an Alternate Director for Mr RJ Lewis on 24th August 1998. No other person was a Director during any part of the year under review.

DIRECTORS' INTERESTS

At 30th September 1998, no Director had any notifiable interests in the securities of the Company or any other group companies.

ELECTIVE RESOLUTIONS

On 20th May 1998, elective resolutions were duly passed whereby the Company is no longer required to hold Annual General Meetings, with the result that PricewaterhouseCoopers will continue as Auditors, and the Directors are no longer required to lay financial statements before the Company in general meeting.

AUDITORS

Our auditors, Coopers and Lybrand, merged with Price Waterhouse on 1st July 1998, following which Coopers and Lybrand resigned and the Directors appointed the new firm, PricewaterhouseCoopers, as auditors.

By Order of the Board of Directors

RJ Lewis, Director

65 Kingsway

London WC2B 6QT

16 December 1998



ELECTRA FLEMING GP (UNQUOTED UK) LIMITED

Directors' Responsibilities for Preparing the financial statements

The Directors are required by UK company law 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 its profit or loss and total recognised gains or losses for that period.

The Directors confirm that suitable accounting policies have been adopted and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30th September 1998. The Directors also confirm that applicable Accounting Standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

ELECTRA FLEMING GP (UNQUOTED UK) LIMITED

Report of the Auditors to the Members of Electra Fleming GP (Unquoted UK) Limited

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 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 financial statements and to report our opinion to you.

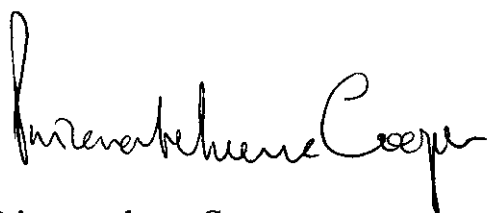
BASIS OF OPINION

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 30th September 1998 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
16 December 1998

ELECTRA FLEMING GP (UNQUOTED UK) LIMITED

Profit and Loss Account

		Year ended 30th September 1998 £	Year ended 30th September 1997 £
	Note		
Partnership income - UK		10,420,368	7,179,926
Other income		-	671,903
Operating expenses	2	8,427,061	6,281,463
Profit on Ordinary Activities before Taxation		1,993,307	1,570,366
Taxation	4	617,925	249,936
Profit on Ordinary Activities after Taxation		1,325,382	1,320,430
Dividends	5	200,000	1,307,082
Retained Profit for the year		1,175,382	13,348
Retained Profits brought forward		670,561	657,213
Retained Profits carried forward		1,845,943	670,561

All results and comparatives shown in the profit and loss account above are from continuing operations.

The Company has no recognised gains and losses other than those included in the profit and loss account as shown above and, therefore, no separate statement of total recognised gains and losses has been presented.

There is no difference between the results shown above and the results on an unmodified historical cost basis, therefore, no separate note of historical cost profits or losses has been presented.

ELECTRA FLEMING GP (UNQUOTED UK) LIMITED

Balance Sheet

	Note	30th September 1998 £	30th September 1997 £
Fixed Assets			
Investments	6	10,000	10,000
Current Assets			
Debtors	7	25,226,979	15,372,176
Creditors			
Amounts falling due within one year	8	23,391,034	14,711,613
Net Current Assets		1,835,945	660,563
Net Assets		1,845,945	670,563
Capital and Reserves			
Called-up share capital	9	2	2
Profit and loss account		1,845,943	670,561
Total Equity Shareholder's Funds	10	1,845,945	670,563

The financial statements on pages 5 to 9 were approved by the Board of Directors on 16 December 1998 and were signed on its behalf by:-


 RJ Lewis *Director*

ELECTRA FLEMING GP (UNQUOTED UK) LIMITED

Notes to the financial statements

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The more significant accounting policies are listed below.

- (a) The financial statements have been prepared under the historical cost convention.
- (b) Income is profits from interests in Limited Partnerships and is accounted for on an accruals basis.
- (c) The financial statements contain information about Electra Fleming GP (Unquoted UK) Limited as an individual company and do not contain information on the parent of the group. The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of Electra Fleming Holdings Limited, a company registered in England and Wales.
- (d) Provision is made for deferred taxation using the liability method on all material timing differences to the extent that it is probable that a liability or asset will crystallise.
- (e) The Company is a wholly-owned subsidiary of an EU company which publishes consolidated accounts that include a consolidated cash flow statement and therefore is not required to produce a cash flow statement.

	Year ended 30th September 1998 £	Year ended 30th September 1997 £
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2. OPERATING EXPENSES

Fees to group undertakings	8,427,061	6,281,463
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The audit fees for the period have been borne by another group company.

3. DIRECTORS AND EMPLOYEES

No remuneration was paid to the Directors during the year ended 30th September 1998 (1997: £nil). There were no employees of the Company (1997: none).

	Year ended 30th September 1998 £	Year ended 30th September 1997 £
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4. TAXATION

UK Corporation tax	617,925	167,500
Deferred	-	(323,702)
Tax credits on franked investment income	-	406,138
	617,925	249,936

ELECTRA FLEMING GP (UNQUOTED UK) LIMITED

Notes to the financial statements (Continued)

	Year Ended 30th September 1998 £	Year Ended 30th September 1997 £
5. DIVIDENDS		
Interim of £100,000 per share (1997: £653,541)	200,000	1,307,082
	30th September 1998 £	30th September 1997 £
6. FIXED ASSET INVESTMENTS		
Electra Fleming Private Equity Partners	10,000	10,000
7. DEBTORS		
Amounts due from Group undertaking:-	24,832,345	14,190,222
Taxation recoverable	394,634	1,181,954
	25,226,979	15,372,176
8. CREDITORS		
Amounts falling due within one year:-		
Amounts due to Group undertakings	23,391,033	14,711,613
9. SHARE CAPITAL		
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called-up and fully paid		
2 ordinary shares of £1 each	2	2
10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS		
Profit for the period	1,375,382	1,320,430
Dividends	200,000	1,307,082
	1,175,382	13,348
Opening equity shareholder's funds	670,563	657,215
Closing equity shareholder's funds	1,845,945	670,563

ELECTRA FLEMING GP (UNQUOTED UK) LIMITED

Notes to the financial statements *(Continued)*

11. RELATED PARTY

Advantage has been taken of the exemption available under Financial Reporting Standard 8 (Related Party Disclosures) not to disclose transactions between entities 90% or more of whose voting rights are controlled within the group.

12. ULTIMATE HOLDING COMPANY

The Company's ultimate holding company is Electra Fleming Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the financial statements are available from the Secretary of the Company at 65 Kingsway, London WC2B 6QT.