

ALBEMARLE GENERAL PARTNER LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2002

Registered Number 769039



ALBEMARLE GENERAL PARTNER LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

The directors who held office at 31 December 2002 had no direct or beneficial interests in the share capital of Albemarle General Partner Limited, the intermediate parent company.

Private Equity Limited is the ultimate parent company.

A director who held office at 31 December 2002 had a beneficial interest in the share capital of Private Equity Limited as follows:

	As at 31.12.02 Ordinary Shares of £1 each fully paid	As at 1.1.02 Ordinary Shares of £1 each fully paid
D J Wills	42,000	42,000

At 31 December 2002 a member of D J Wills's family had a beneficial interest in 4,667 Ordinary shares of £1 each in Private Equity Limited (2001: 4,667).

In addition, at 31 December 2002, the Albemarle Private Equity Pension Scheme, of which D J Wills and S K Sirisena are members, owned 24,000 Ordinary shares of £1 each in Private Equity Limited (2001: 24,000).

DIRECTORS' RESPONSIBILITIES

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 the profit or loss of the Company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2002. 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ALBEMARLE GENERAL PARTNER LIMITED

DIRECTORS' REPORT (continued)

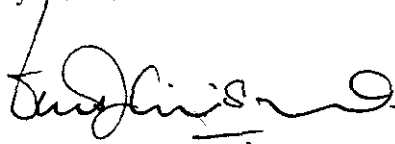
AUDITORS

A resolution to re-appoint Hall & Co (Iver) Limited as auditors to the company will be proposed at the annual general meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 1 Albemarle Street, London W1S 4HA at 11.00 a.m. on 21st May 2003.

By order of the Board

A handwritten signature in black ink, appearing to read 'S K Sirisena', with a horizontal line underneath.

S K Sirisena
Company Secretary

1 Albemarle Street
London W1S 4HA

26 February 2003

REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF ALBEMARLE GENERAL PARTNER LIMITED

We have audited the financial statements of Albemarle General Partner Limited for the year ended 31 December 2002 on pages 5 to 12. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

As described on page 2 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Report of the Directors 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.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 mis-statement, 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hall & Co (Iver) Ltd
Hall & Co (Iver) Limited

Chartered Accountants and Registered Auditor
Norwood Grange
Norwood Lane
Iver
Buckinghamshire SL0 0EW

28, February 2003

ALBEMARLE GENERAL PARTNER LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2002

	Note	2002 £	2001 £
INVESTMENT INCOME	2	1,199,769	1,581,758
INVESTMENT MANAGEMENT FEE		(703,284)	(774,103)
INVESTMENT PROFIT		496,485	807,655
ADMINISTRATIVE EXPENSES		(13,435)	(7,611)
OPERATING PROFIT		483,050	800,044
WRITE-OFF OF FIXED ASSET INVESTMENTS		-	(39)
INTEREST RECEIVABLE		<u>17,177</u>	<u>4,442</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	500,227	804,447
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	4	(26,968)	(42,128)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		473,259	762,319
DIVIDENDS - PAID		<u>-</u>	(777,000)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		473,259	(14,681)
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		<u>95,981</u>	<u>110,662</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u>569,240</u>	<u>95,981</u>

The Company has no recognised gains or losses for the current and preceding financial years other than those included in the profits above and, therefore, no separate statement of total recognised gains and losses has been prepared.

All items reflected in the above profit and loss account derive from continuing activities.

The notes on pages 7 to 12 form part of these accounts.

ALBEMARLE GENERAL PARTNER LIMITED

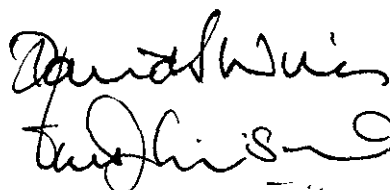
BALANCE SHEET

at 31 December 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Investments	5	142,243	16,754
Investments in subsidiary undertakings	6	<u>4</u>	<u>4</u>
		<u>142,247</u>	<u>16,758</u>
CURRENT ASSETS			
Debtors	7	60,289	92,418
Cash at bank and in hand		<u>583,721</u>	<u>198,486</u>
		644,010	290,904
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(<u>17,017</u>)	(<u>11,681</u>)
NET CURRENT ASSETS		<u>626,993</u>	<u>279,223</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>769,240</u>	<u>295,981</u>
NET ASSETS		<u>769,240</u>	<u>295,981</u>
CAPITAL AND RESERVES			
Called-up share capital	10	154,750	154,750
Capital reserve		45,250	45,250
Profit and loss account		<u>569,240</u>	<u>95,981</u>
TOTAL SHAREHOLDERS' FUNDS	11	<u>769,240</u>	<u>295,981</u>

The financial statements on pages 5 to 12 were approved by the Board on 26 February 2003 and were signed on its behalf by:

D J Wills)
) Directors
S K Sirisena)



The notes on pages 7 to 12 form part of these financial statements.

ALBEMARLE GENERAL PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2002

1. ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Company are prepared on the historical cost basis and in accordance with applicable accounting standards in the United Kingdom, with the exception of the treatment of investment income as described in paragraph (g) applied on a consistent basis.

(b) Profit and Loss Account

Income and expenses are accounted for in the profit and loss account on an accruals basis.

(c) Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Deferred taxation assets are recognised only to the extent that it is more likely than not that there will be suitable profits from which future reversals of the underlying timing differences can be deducted.

(d) Unlisted Investments

Unlisted investments are valued at cost less provisions for any permanent diminution in value.

(e) Limited partnership funds and investments

As at 31 December 2002, the Albemarle group managed three venture capital Limited Partnerships, for which it acts as the General Partner. Investments held through the Limited Partnerships are made with the express intention of capital appreciation. The Limited Partnerships technically fall within the definition of Subsidiaries of the General Partner under the Companies Act 1985 and Financial Reporting Standard ("FRS") No.2.

There are severe long term restrictions upon the ability of the General Partner to exercise control or dominant influence over the partnerships other than for the interests of the Limited Partners. Accordingly the partnerships have been excluded from the consolidation.

(f) Other

The Company does not produce a cash flow statement as it is a wholly owned subsidiary, as permitted by FRS No. 1.

(g) Investment income

Investment income represents the total amount receivable in the ordinary course of business. Franked investment income is disclosed inclusive of attributable tax credits. This is contrary to FRS16 Current Tax and is necessary in order to show a true and fair view. The company's investment management income, which is paid by way of distribution from the funds managed, is contractually set at the gross figure. The effect of this treatment is disclosed in notes 2 and 4.

ALBEMARLE GENERAL PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2002

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002	2001
	£	£
Investment income:		
Income from fixed asset investments		
Franked (including management fees)	269,692	421,595
Income received under deduction of tax	291,841	458,016
Unfranked	638,236	417,147
Intercompany dividends	<u>-</u>	<u>285,000</u>
	<u>1,199,769</u>	<u>1,581,758</u>

Franked investment income includes attributable tax credits of £26,968 (2001: £42,128).

Profit on ordinary activities before taxation is shown after charging:

Auditors' remuneration	<u>3,948</u>	<u>6,756</u>
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3. EMPLOYEES' AND DIRECTORS' EMOLUMENTS

There were no employees of the company in the United Kingdom during the year (2001: Nil).

The directors received no remuneration from the company during the year (2001: Nil).

4. TAXATION

	2002	2001
	£	£
Analysis of the tax charge		
The tax charge on the profit on ordinary activities for the year was as follows:		
Current tax:		
UK Corporation Tax	-	-
Attributable to franked investment income	<u>26,968</u>	<u>42,128</u>
Tax on profit on ordinary activities	<u>26,968</u>	<u>42,128</u>

ALBEMARLE GENERAL PARTNER LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2002

4. TAXATION (continued)

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

Profit on ordinary activities before tax	<u>500,227</u>	<u>804,447</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001:30%)	150,068	241,334
Effects of:		
Expenses not deductible for tax purposes	2,665	12
Income exempt for tax purposes	(639)	(86,228)
Utilisation of tax losses	(71,188)	(28,671)
Lower tax rate on franked investment income	(53,938)	(84,319)
Current tax charge	<u>26,968</u>	<u>42,128</u>

Factors that may affect future tax charges

There are unrelieved tax losses available to offset against future profits of approximately £789,000. The deferred tax asset arising therefrom amounting to £236,700 has not been recognised.

5. FIXED ASSET INVESTMENTS

	2002	2001
	£	£
Shares in unlisted companies	91,530	16,530
Brown Shipley Development Capital Fund	50,513	24
The Second Brown Shipley Fund	-	-
The Albemarle Second Fund	<u>200</u>	<u>200</u>
	<u>142,243</u>	<u>16,754</u>

Albemarle General Partner Limited acts as the General Partner of the Brown Shipley Development Capital Fund, the Albemarle Second Fund A and B and the Third Private Equity Fund.

ALBEMARLE GENERAL PARTNER LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2002

The investments listed above are shown at their net book value after eliminating any specific provisions against these investments.

The directors' valuation of unlisted investments was in excess of book value.

The movement during the year was as follows:

	2002 £	2001 £
At 1 January	16,754	8,637
Additions	125,489	8,156
Disposals	-	(39)
At 31 December	<u>142,243</u>	<u>16,754</u>

The company acquired 25% of the ordinary issued share capital (of £1 each) of Space Plan-it Limited, a company registered in England and Wales, during the year.

6. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	£
At cost 1 January 2002 and at 31 December 2002	1,013,840
Provision at 1 January 2002 and at 31 December 2002	<u>1,013,836</u>
Net book value at 1 January 2002 and 31 December 2002	<u>4</u>

	<u>Country of Registration</u>	<u>Holding</u>	<u>% of Class</u>
Albemarle Private Equity Limited (Investment Fund Manager)	England and Wales	2,550 £1 'B' Ord Shares 2,450 £1 'A' Ord Shares	100% 100%
Albemarle Nominees Limited (Nominee Company)	England and Wales	2 £1 Ord Shares	100%
Albemarle Nominees (London) Limited (Nominee Company)	England and Wales	2 £1 Ord Shares	100%

All of the above companies operated in their country of registration. Albemarle Nominees Limited and Albemarle Nominees (London) Limited remained dormant during the year.

Consolidated accounts have not been prepared because the company is a wholly owned subsidiary of a company incorporated in the United Kingdom, Private Equity Limited. The accounts present information about the company as an individual undertaking and not about its group.

ALBEMARLE GENERAL PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2002

7. DEBTORS

	2002	2001
	£	£
Income tax recoverable	58,371	91,605
Prepayments and accrued income	<u>1,918</u>	<u>813</u>
	<u><u>60,289</u></u>	<u><u>92,418</u></u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Amounts owed to subsidiary undertakings	2	2
Accruals	<u>17,015</u>	<u>11,679</u>
	<u><u>17,017</u></u>	<u><u>11,681</u></u>

9. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation

There is no deferred taxation to be provided for in the financial statements.

ALBEMARLE GENERAL PARTNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2002

10. CALLED UP, ALLOTTED AND FULLY PAID SHARE CAPITAL

	2002	2001
	£	£
Authorised:		
Equity Shares		
250,000 Ordinary Shares of £1 each	<u>250,000</u>	<u>250,000</u>
Allotted, called up and fully paid:		
Equity Shares		
154,750 Ordinary Shares of £1 each	<u>154,750</u>	<u>154,750</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	473,259	762,319
Ordinary dividends	<u>-</u>	(<u>777,000</u>)
Net addition/(reduction) to shareholders' funds	473,259	(14,681)
Opening shareholders' funds	<u>295,981</u>	<u>310,662</u>
Closing shareholders' funds	<u>769,240</u>	<u>295,981</u>

12. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent company is Private Equity Limited.

13. RELATED PARTY TRANSACTIONS

The controlling party is Private Equity Limited. The ultimate controlling party is D J Wills. The Company has taken advantage of the exemption contained in Financial Reporting Standard No 8 not to disclose intra group transactions which fall under the definition of related party transactions.