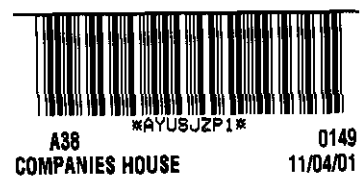


ALBEMARLE PRIVATE EQUITY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2000



Registered Number 2469265

ALBEMARLE PRIVATE EQUITY LIMITED

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company continues to be that of an investment fund manager. During the year under review this business has been maintained on a similar pattern and scale. Both the level of business and the year end financial position of the company remains satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

RESULTS

	2000 £	1999 £
Profit and loss account brought forward	26,310	24,508
Profit for the year after taxation	319,117	1,802
Dividend proposed	(200,000)	-
Profit and loss account carried forward	<u>145,427</u>	<u>26,310</u>

DIVIDEND

The directors recommend a dividend for the year ended 31 December 2000 of £200,000 (£81.63 per 'A' Ordinary share).

DIRECTORS

The directors during the year were:

D J Wills (Chairman and Managing Director)
G L Barnes
T M Trowell (appointed 1 July 2000)
M J Hallala (resigned 30 June 2000)
A D Moye (resigned 29 September 2000)
R D Parker (resigned 15 February 2000)

S K Sirisena was appointed a director on 21 February 2001

ALBEMARLE PRIVATE EQUITY LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

The directors who held office at 31 December 2000 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.

The directors who held office at 31 December 2000 had direct or beneficial interests in the share capital of Private Equity Limited as follows:

	As at 31.12.00 Ordinary Shares of £1 each fully paid	As at 1.1.00 Ordinary Shares of £1 each fully paid
D J Wills	42,000	42,000

At 31 December 2000 a member of D J Wills's family had a beneficial interest in 4,667 Ordinary shares of £1 each in Private Equity Limited (1999: 4,667).

In addition, at 31 December 2000, 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 (1999: 24,000).

DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that 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 2000. 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 PRIVATE EQUITY LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

PricewaterhouseCoopers resigned as auditors of the company with effect from 12 January 2001. A resolution to formally appoint Hall & Co (Iver) Limited as auditors will be proposed at the annual general meeting.

ANNUAL GENERAL MEETING

The eleventh Annual General Meeting of the Company will be held at 1 Albemarle Street, London W1S 4HA at 2.10pm on 23 May 2001.

By order of the Board



S K Sirisena
Company Secretary

1 Albemarle Street
London W1S 4HA

6 April 2001

REPORT OF THE AUDITORS

TO THE MEMBERS OF ALBEMARLE PRIVATE EQUITY LIMITED

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Hall & Co (Iver) Limited

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

9 April 2001

ALBEMARLE PRIVATE EQUITY LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2000

	Note	2000 £	1999 £
TURNOVER	2	1,178,056	1,297,210
ADMINISTRATIVE EXPENSES	2	(867,204)	(1,294,332)
OPERATING PROFIT		310,852	2,878
INTEREST PAYABLE AND SIMILAR CHARGES			
Bank interest		(60)	(1,076)
PROFIT ON DISPOSAL OF FIXED ASSETS		<u>21,980</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		332,772	1,802
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	(13,655)	<u>-</u>
PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR		319,117	1,802
DIVIDENDS - proposed	6	(200,000)	<u>-</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		119,117	1,802
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		<u>26,310</u>	<u>24,508</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u>145,427</u>	<u>26,310</u>

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

The profit for the year above arises solely from continuing operations.

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

ALBEMARLE PRIVATE EQUITY LIMITED

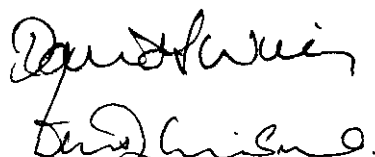
BALANCE SHEET

at 31 December 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible fixed assets	7	27,594	41,605
CURRENT ASSETS			
Debtors	8	214,160	283,676
Cash at bank and in hand		<u>231,029</u>	<u>-</u>
		445,189	283,676
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(322,356)</u>	<u>(293,971)</u>
NET CURRENT ASSETS/(LIABILITIES)		122,833	(10,295)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>150,427</u>	<u>31,310</u>
NET ASSETS		<u>150,427</u>	<u>31,310</u>
CAPITAL AND RESERVES			
Called up share capital	11	5,000	5,000
Profit and loss account		<u>145,427</u>	<u>26,310</u>
Equity Shareholders' Funds		<u>147,877</u>	<u>28,760</u>
Non-equity Shareholders' Funds		<u>2,550</u>	<u>2,550</u>
TOTAL SHAREHOLDERS' FUNDS		<u>150,427</u>	<u>31,310</u>

Approved by the Board on 6 April 2001

D J Wills)
) Directors
S K Sirisena)



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

ALBEMARLE PRIVATE EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

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, 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) Fixed assets

Fixed assets are stated at cost less depreciation. Depreciation is calculated on a straight line basis at the following rates:

Motor cars - 25% per annum

Furniture and equipment - 20% per annum

(d) Operating lease

The annual rentals were charged to operating profit on a straight line basis over the lease term.

(e) Deferred taxation

Deferred taxation is provided using the liability method to the extent that it is probable a liability or asset will crystallise.

(f) Other

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

(g) Turnover

Turnover represents the total amounts receivable excluding value added tax in the ordinary course of business.

(h) Pensions

The Company operates a defined contribution pension scheme, Albemarle Private Equity Pension Scheme, for the benefit of all directors and employees, subject to eligibility. Contributions are charged to profit and loss account in the period in which they are incurred.

ALBEMARLE PRIVATE EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2000

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover consists entirely of fees earned in the United Kingdom and comprises:

	2000 £	1999 £
Directors' fees	153,500	184,105
Fund management fees	<u>1,024,556</u>	<u>1,113,105</u>
	<u>1,178,056</u>	<u>1,297,210</u>

Administrative expenses include:

	2000 £	1999 £
Auditors' remuneration	6,150	8,550
Other fees to auditors – PricewaterhouseCoopers	4,500	3,325
Depreciation	<u>16,937</u>	<u>40,417</u>

3. EMPLOYEES' AND DIRECTORS' EMOLUMENTS

Staff costs, including directors' emoluments, were:

	2000 £	1999 £
Salaries	432,946	677,208
Social security costs	50,132	76,090
Other pension costs	<u>63,013</u>	<u>100,956</u>
Aggregate remuneration	<u>546,091</u>	<u>854,254</u>

The average number of persons employed by the Company all of whom were engaged in investment management in the United Kingdom during the year was 4 (1999 : 7).

ALBEMARLE PRIVATE EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2000

4. DIRECTORS' EMOLUMENTS

	2000	1999
	£	£
Aggregate remuneration including benefits in kind	373,348	604,853
Pension contributions	<u>53,030</u>	<u>86,914</u>
	<u>426,378</u>	<u>691,767</u>
Included above relating to highest paid director		
Remuneration	157,433	153,342
Pension contributions	<u>22,269</u>	<u>21,113</u>
Payments to third parties for directors services	<u>58,750</u>	<u>-</u>

Retirement benefits are accruing to two directors (1999:5).

5. TAXATION

Taxation based on the profit for the year:

	2000	1999
	£	£
Corporation tax at effective rate of 20% (1999 : 20.25%)	<u>13,655</u>	<u>-</u>
	<u>13,655</u>	<u>-</u>

The above charge for the year assumes availability of group relief resulting in a reduced liability of approximately £71,500, for which no payment will be made.

6. DIVIDENDS

	2000	1999
	£	£
Dividends on equity shares:		
'A' Ordinary –		
Final proposed	<u>200,000</u>	<u>-</u>
	<u>200,000</u>	<u>-</u>

ALBEMARLE PRIVATE EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2000

7. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Furniture & Equipment £	Total £
At cost 1 January 2000	156,814	63,759	220,573
Additions	23,496	1,860	25,356
Disposals	(117,891)	(20,361)	(138,252)
At cost 31 December 2000	<u>62,419</u>	<u>45,258</u>	<u>107,677</u>
Depreciation 1 January 2000	(126,048)	(52,920)	(178,968)
Charge for the period	(12,946)	(3,991)	(16,937)
Disposals	<u>99,092</u>	<u>16,730</u>	<u>115,822</u>
Depreciation 31 December 2000	<u>(39,902)</u>	<u>(40,181)</u>	<u>(80,083)</u>
Net book value 31 December 2000	<u>22,517</u>	<u>5,077</u>	<u>27,594</u>
Net book value 31 December 1999	<u>30,766</u>	<u>10,839</u>	<u>41,605</u>

8. DEBTORS

	2000 £	1999 £
Amount due from group undertakings	113,232	177,000
Trade and other debtors	60,328	57,760
Prepayments and accrued income	<u>40,600</u>	<u>48,916</u>
	<u>214,160</u>	<u>283,676</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade creditors	68,972	43,215
Amounts due to group undertakings	-	230
Other taxation and social security	-	544
Corporation tax	13,599	-
Dividend proposed	200,000	-
Accruals	39,785	119,779
Bank overdraft	<u>-</u>	<u>130,203</u>
	<u>322,356</u>	<u>293,971</u>

ALBEMARLE PRIVATE EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2000

10. COMMITMENTS UNDER OPERATING LEASES

The total rentals under operating leases, charged as an expense in the profit and loss account, are disclosed below:

	2000 £	1999 £
Other assets	<u>24,698</u>	<u>53,820</u>

Commitments under leases to pay rentals are given in the table below, analysed according to the year in which each lease expires.

Obligations under operating leases comprise:

	2000 £	1999 £
Other assets:		
Expiring in one year or less	-	37,500
	<u>-</u>	<u>37,500</u>

11. CALLED UP, ALLOTTED AND FULLY PAID SHARE CAPITAL

	2000 £	1999 £
Authorised:		
Equity shares		
2,450 'A' Ordinary Shares of £1 each	2,450	2,450
Non-equity shares		
2,550 'B' Ordinary Shares of £1 each	<u>2,550</u>	<u>2,550</u>
	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid:		
Equity shares		
2,450 'A' Ordinary Shares of £1 each	2,450	2,450
Non-equity shares		
2,550 'B' Ordinary Shares of £1 each	<u>2,550</u>	<u>2,550</u>
	<u>5,000</u>	<u>5,000</u>

The 'A' and 'B' shares have different rights relating to voting, dividend and amounts receivable on a winding up. The rights depend upon varying circumstances and the full details, which are voluminous, are contained in the company's Articles of Association.

ALBEMARLE PRIVATE EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2000

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the financial year	319,117	1,802
Ordinary dividends	<u>(200,000)</u>	<u>-</u>
Net addition to shareholders' funds	119,117	1,802
Opening shareholders' funds at 1 January	<u>31,310</u>	<u>29,508</u>
Closing shareholders' funds at 31 December	<u><u>150,427</u></u>	<u><u>31,310</u></u>

13. ULTIMATE PARENT UNDERTAKING

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

14. CHARGE ON ASSETS

The bank loans and overdrafts of the ultimate parent company, Private Equity Limited, are secured by fixed and floating charges over the assets of the Company. At 31 December 2000 the liability to the bank amounted to £987,303.

15. RELATED PARTY TRANSACTIONS

The controlling party is Albemarle General Partner 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.