

**Pantheon International Participations PLC**

**Company Number - 2147984**

**Annual Accounts year to 30 June 1994**



PANTHEON INTERNATIONAL PARTICIPATIONS PLC

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PROXY CARD	

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# PANTHEON INTERNATIONAL PARTICIPATIONS PLC

## INVESTMENT OBJECTIVE

The primary investment objective of the Company is to maximise capital growth by investing in funds specialising in unquoted investments, acquiring existing unquoted portfolios and participating directly in private placements.

## SUMMARY OF RESULTS

	30 June 1994	30 June 1993	% change
TOTAL NET ASSETS (£'000s)	60,937	30,841	—
NET ASSET VALUE PER SHARE (Diluted)	239.6p	195.5p	+22.6
NET ASSET VALUE PER ORDINARY STOCK UNIT	119.6p	—	—
DIVIDEND PER SHARE	0.5p	0.5p	—
EARNINGS PER SHARE	0.88p	1.16p	-24.1
MARKET PRICE PER SHARE	176.5p	172.5p	+10.1*
MARKET PRICE PER NEW WARRANT	67.0p	—	—
MARKET PRICE PER OLD WARRANT	—	70.5p	—

\*Including new warrants



A member of the Association of Investment Trust Companies

DIRECTORS

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W. Thomas J. Griffin (Chairman) Born May 1928. He is the former chairman of GT Management PLC. He is also a trustee of the Charities Official Investment Fund and a director of a number of investment trust companies.

Alain M.L. Lefebvre Born April 1930. He is a French citizen who spent his career working for Banque de Gestion Privée-SIB. He is a director of a number of continental investment companies. He is a graduate of l'École des Hautes Études Commerciales.

J. Peter A. Readman\* Born December 1946. He is a director of a number of companies specialising in US real estate, and through his own company acts as an economic adviser to a number of major UK institutions and companies. He is also chairman of the Chamber Orchestra of Europe.

The Hon. Richard M.O. Stanley\* Born April 1931. He is chairman of East Lancs Coach Builders Limited, a former chairman of Pantheon Ventures Limited and a director of Friends Provident Life Office. Most of his previous career was with Metal Box PLC, where he was a director.

Lionel G. Stopford Sackville\* Born November 1932. He qualified as a chartered accountant in 1959. He has had extensive experience working for a wide range of companies, principally in the financial and mineral resources sectors. He has been a director of a number of major companies including Charter Consolidated P.L.C., Selection Trust Limited, Mineral and Resources Corporation and Anglo American Corporation of South Africa Limited. He was chairman of Cape Industries PLC from 1979 to 1980, having been a director since 1970. He is currently a director of Dartmoor Investment Trust plc, Mercury World Mining Trust plc and chairman of Union Jack Oil Plc.

Rhoderick M. Swire Born March 1951. He is managing director of Pantheon Holdings Limited. He joined GT Management PLC (GT) in 1981, with responsibility for long-term investment in unquoted companies. After graduating in engineering, he qualified as a chartered accountant with Peat Marwick. He subsequently joined John Swire & Sons Limited, where he had various assignments in Hong Kong, Australia and the United Kingdom before joining GT. He was a director of GT until the reorganisation of the Company's Manager Pantheon Ventures Limited.

*\*Members of the Audit Committee.*

## THE VENTURE CAPITAL PROCESS

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Since 1979, when institutional investment in Venture Capital was virtually non-existent outside the United States, the asset class has grown to a \$100 billion international industry.

Most of the financing of venture capital now comes from institutions who may allocate a small proportion of their total assets to venture capital to seek good performance and diversify their existing bonds, gilts and quoted investment portfolios. These resources are often invested through independent venture capital funds.

### Characteristics of Independent Venture Capital Funds

Each independent venture capital fund is typically funded by a number of institutions and can be a limited partnership, unit trust or company. These funds will then invest in unquoted companies using the expertise of a venture management team to identify, monitor and realise the fund investments.

The independent venture capital fund will normally have a fixed (8-10 year) life; make perhaps 20 to 30 investments in total and will have been constituted with a pre-agreed strategy and investment policy. Each investor's commitment is drawn down or called as investments are made and proceeds from realisations are distributed back to the investor as crystallised, with the bulk of such realisations made typically between years 6 and 10.

A fund will often focus on one geographic area, the USA, the UK or elsewhere and may have a preferred investment focus. It is normally the previous experience and expertise of the venture management team that will dictate the nature of the portfolio. The venture team will receive a proportion of gains (their carried interest) once investments are sold profitably, which ensures that they are highly motivated to maximise the value of the underlying companies and thus the portfolio.

### Fund of Funds

By making investments in several independent venture capital funds investors can obtain a portfolio that is more broadly diversified. Such a fund of funds' portfolio can be international; diversified by stage and sector and, importantly, invested steadily across different economic cycles.

An investor can therefore end up with an underlying portfolio of several hundred unquoted companies where in each case there is a venture capital manager accountable for the progress of each company.

### Secondary Interests in Venture Capital Funds

If an institution wishes to sell its interest in a venture capital fund or a number of funds, for instance because of a change in its investment strategy, it may look to sell its holding as a secondary interest to a third party. The market for such interests is small and normally operates through direct negotiation.

# PANTHEON INTERNATIONAL PARTICIPATIONS PLC

## THE VENTURE CAPITAL PROCESS *continued*

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### THE ROLE OF PANTHEON INTERNATIONAL PARTICIPATIONS PLC

The Company is currently the only venture capital fund of funds investor quoted on the London Stock Exchange. It enables individuals as well as institutions to gain access to a substantial portfolio of unquoted companies in the USA, UK, Continental Europe and the Far East within funds managed by experienced venture managers.

#### Current Investment Policy

Within its stated primary investment objective, the Company concentrates on acquiring secondary interests in venture funds both individually and as portfolios.

As an adjunct to this activity the Company may occasionally acquire direct holdings in unquoted companies usually where a vendor is seeking to sell a combined portfolio of funds and direct holdings.

The Company's investment policy also extends to a small degree to investment in new, later stage venture capital funds.

#### Unquoted Valuation Policy

The valuation of the Company's assets is derived from the most recently available accounts, adopted by venture fund managers, which may be audited or unaudited.

Secondary interests are usually acquired by the Company at a discount to the venture fund manager's valuation. After their purchase these funds are normally revalued immediately within the portfolio of the Company back to their stated net asset values, irrespective of the purchase price, unless a provision against a specific investment is considered prudent.

This policy is adopted to be consistent with the arm's-length valuation used by other investors.

### THE MANAGER – PANTHEON VENTURES LIMITED

The Manager is part of an independent group, which is dedicated to venture capital investment, specialising in making and managing investments in venture capital funds worldwide.

#### Resources

The group has 18 full-time employees with offices in London, San Francisco and Hong Kong. It also has the benefit of three non-executive directors who have considerable expertise in the venture capital field. The group has funds under management in excess of £400m. Executives are based in the UK, USA and Hong Kong, enabling them to look after the Company's interests efficiently with the benefit of their local knowledge and network.

#### Activities

Pantheon Ventures Limited manages the Company's investments, appraising further investments carefully in the context of the Company's investment policies. On behalf of all of its clients, the group manages investments in approximately 190 venture capital funds across North America, Europe and Asia and has developed a statistical database of 2,500 underlying companies against which to compare the performance of individual venture capitalists and investments.

## CHAIRMAN'S STATEMENT

### OVERVIEW

Your Company has continued to make good progress over the last year with the fully diluted net asset value per share increasing by 22.6%. In January the Company also completed the placing of approximately 17 million stock units at £2 per unit, payable in three instalments. The performance of the investments, together with the exercise of warrants and £13 million (net of expenses) subscribed as the first tranche of the Placing, account for the asset increase in the year from £30.8 million to £60.9 million. In July the second tranche of £10 million was called and a final £10 million is due in January 1995.

As I have reported in my previous statements, the receipt of cash from distributions and sales lies at the heart of the Company's affairs. It is particularly pleasing to see the level of cash generated during the year rising to £20 million. This has been caused by the spate of flotations on both the UK and the US stock markets through to the end of 1993. The flotations have also increased the size of the quoted component in the underlying portfolio from which distributions will be generated during the next six to twelve months.

The portfolio remains well diversified, with the exposure to Asian markets increasing significantly over the last six months. Whilst volatility often exists within the share prices of newly floated companies, I am optimistic that there will be continuing progress of the underlying companies assisted by the growth of the key economies.

### DIRECTORSHIPS

During the spring Mr. John Brakell decided that he must leave our Board, owing to the pressure of his other commitments. I should like to record the Board's appreciation of his notable contribution to the Company's success.

Your Directors have recently invited Mr. Peter Readman to join the Board. He brings with him a wealth of experience of business on both sides of the Atlantic.

### WARRANTS

Following the exercise of the Company's original warrants on 24 November 1993 generating £2.4 million, a further issue of warrants was made at the time of the Placing of ordinary stock units to both the existing shareholders and new stockholders on a 1 for 5 basis with a strike price of £2.50 and a 7 year life.

### LOAN STOCK REDEMPTION

The final tranche of £7.5 million unsecured loan stock 1999 (including the accrued premium) was redeemed on 29 December 1993 at a discount of 25% for a gain of £1.9 million.

### DIVIDEND

Your Directors are able to recommend a dividend of 0.5p per share payable on 1 December 1994 to shareholders on the register on 17 November 1994. The holders of the ordinary stock units are not eligible for a dividend until the ordinary stock units convert into shares, which will take place automatically in January 1995, after payment of the final instalment.

### HEDGING

Your Company has continued its previous, strictly defensive, policy of hedging part of the Company's dollar and yen assets against sterling. During the year a loss of £0.4 million was incurred. There were no open contracts at the year end, nor at the time of writing.

CHAIRMAN'S STATEMENT continued

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SAVINGS SCHEME

I am pleased to report that in May this year your Company was able to introduce its own Savings Scheme, of which all shareholders should have received details. We hope this will facilitate the investment in the Company by a wider range of investors. Further details of the Scheme are available from the Manager.

FUTURE OUTLOOK

With the success of the Placing in January 1994, which when fully paid will almost double the size of your Company, and the substantial cash that has been generated from investments, the Board looks forward with confidence to the successful deployment of the increased assets. Your Directors take the view that it is in the best interests of shareholders for the Company to exploit its greater strength by continuing to focus on the purchase of portfolios of funds whilst maintaining its diligent and cautious investment process.

ANNUAL GENERAL MEETING AND PRESENTATION

In order to explain the workings of the Company in more detail, the Board has arranged for a presentation to take place after the Annual General Meeting where there will be an opportunity to ask questions and to meet the Manager. I do hope that as many of you as possible will be able to attend at 4.00 p.m. on Wednesday, 30 November 1994, at The Farmers' & Fletchers' Hall, and I look forward to meeting you informally after the meeting. Please see the enclosed invitation for full details.

W.T.J. Griffin  
20 October 1994

## MANAGER'S REVIEW

### MARKET ENVIRONMENT

#### UK and Continental Europe

Declining interest rates and the expectation of economic recovery led to improved confidence in the second half of 1993 and a booming stock market. This created the climate for an exceptionally high number of venture backed companies being floated over the past 12 months and although the market corrected in the first half of 1994 and some flotations were delayed there is still an expectation that good companies can deliver attractive returns through a market quote.

The good exit environment has generated some excellent fund performances in the UK and many of the management houses have taken the opportunity to raise new funds and it is forecast that over £1.5 billion will be raised by the end of 1994. There is a concern that this will cause overheating in the industry but the established managers appear to have learnt from the experiences of the late eighties and focus on entry pricing levels. Overall the UK market seems to have entered a more mature phase in which proven investment managers will be able to continue to raise and invest new funds.

The UK still dominates the buy-out and venture capital industry in Europe but in the longer term the potential from the Continent will grow due to the size of the capital markets and the requirement for restructuring the private sector. The continental markets continue to be dependent on the German economy where new investment is increasing in anticipation of the end of recession.

Although it has been difficult to generate exits for venture backed companies, new investment opportunities on the Continent have recently increased with larger companies still actively divesting non-core businesses.

#### USA

In 1993 an abundance of high quality partnerships raising capital with good performance on prior funds, resulted in a 19% increase in private equity commitments over the previous year. \$12.7 billion was invested in 105 funds compared with \$10.7 billion in 82 funds for 1992. Commitments to private equity partnerships are expected to continue to increase in 1994, with a current outlook of \$16 billion being raised. The increase in commitments raises concerns about overfunding, the impact on deal pricing and the ultimate returns. Most of the capital, however, seems to be going to experienced groups with established investment disciplines who should be capable of restraint if the market becomes overheated.

Private equity distributions are expected to remain relatively strong in 1994 reflecting the record number of Initial Public Offerings ("IPOs") in 1993. Many of the companies that went public in 1993 are now free of the underwriter's lock-up and can be distributed or sold. There is a large overhang of such companies waiting to achieve liquidity on any rally in the small capitalisation market. Over the next year the IPO market is expected to be more selective with volume down and a greater emphasis on quality.

#### Japan

The prospects for economic recovery remain mixed due to a number of factors. The strong yen is keeping exporters' margins under pressure and the continuing corporate downsizing and restructuring, and the overhang of bad and doubtful debts in the banking sector, is affecting both consumer confidence and investment levels. However, the low interest rates and recent fiscal stimulus have given more grounds to assume that the recovery will gather strength. This has been reflected in a revitalised stock market which has shown significant rises, particularly for smaller companies and the OTC market. The market index rose approximately 6% year on year to 30 June and 29% from its November low and the corresponding rises for the Nikkei OTC Average were 26% and 39% respectively.

As a result of this the climate for new listings has much improved with many more companies being floated. The weekly rate has nearly doubled from last year and 1994 is expected to exceed the record number of 95 OTC listings. The exit prospects for all the Japanese funds have much improved and there have already been some very encouraging realisations at values significantly above those expected when the interests were acquired. This improvement will have a positive effect on the returns prospects but may dampen the market for acquiring secondary interests as potential vendors who might have been tempted to realise their fund interests are encouraged to hold on in anticipation of accelerated realisations.

MANAGER'S REVIEW continued

THE PORTFOLIO

The table below summarises the cost and value of the current portfolio by investment type and area.

Portfolio summary as at 30 June 1994

Investment Portfolio	Number	Cost £m	Value £m	Value %
UK venture funds	25	8.6	9.8	16.5
UK direct investments	3	1.7	1.8	2.9
Continental European venture funds	5	3.2	3.7	6.2
US venture funds	30	12.1	20.1	33.7
US direct investments	29	1.8	2.7	4.7
Japanese venture funds	11	2.4	5.2	8.8
<b>Total Investment Portfolio</b>	<b>103</b>	<b>29.8</b>	<b>43.3</b>	<b>72.8</b>
UK Gilts	1	10.3	10.2	17.2
US Treasury Bonds	1	6.1	6.0	10.0
<b>Total Fixed Asset Investments</b>	<b>105</b>	<b>46.2</b>	<b>59.5</b>	<b>100.0</b>

Foreign holdings are valued at the sterling equivalent, using the exchange rate prevailing at 30 June 1994 (£1 = US\$1.5441: 1993, US\$1.4960).

Overview

The Company has been active during the year. Approximately £19m was invested in venture capital investments and £20.2m of cash was generated from sales and venture capital fund distributions.

In addition to the Company's investment activity, an Open Offer and Placing was completed on 18 January 1994. This Placing raised £33.2m for the Company, payable in three tranches and greatly increases its resources for future investment.

Following the additional liquidity raised by the Placing, the Company was able to increase substantially the Investment Portfolio by the purchase of four portfolios of venture funds from institutional vendors, which accounted for £17.1m of the total purchases in the year. The value of venture capital investments increased from £30.3m to £43.3m during the year.

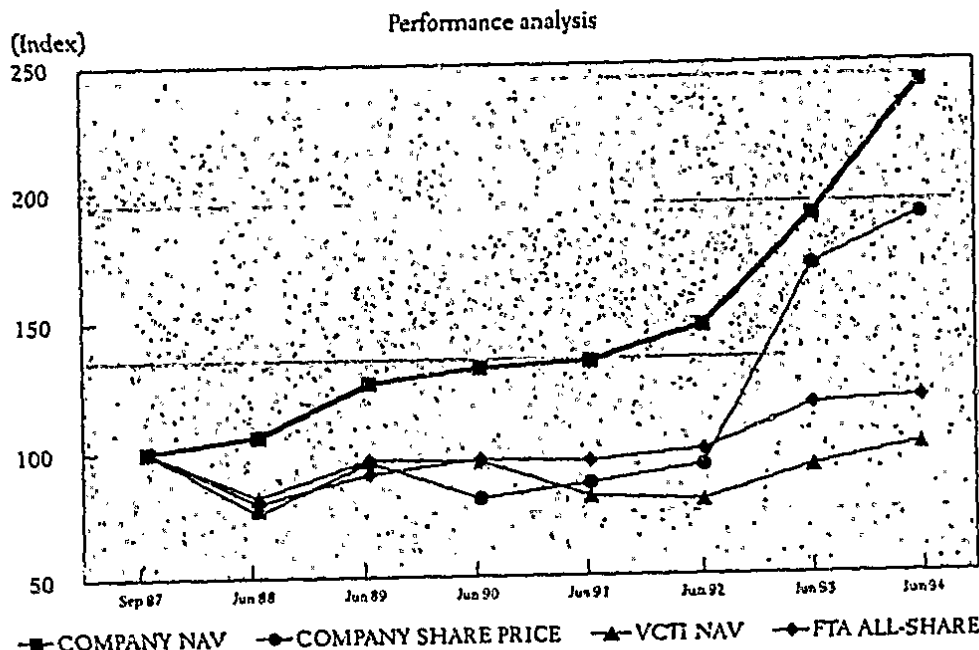
The net assets of the Company have increased from £30.8m to £60.9m at the year end. Investment performance accounted for an increase of approximately £14.7m which includes the repayment of the final tranche of the loan stock in December 1993 at a 25% discount to its £7.5m nominal cost and a gain of £1.9m. In addition to the investment performance, £15.4m of further capital has been raised from the exercise of the warrants (£2.4m) and the receipt of the first tranche of the Placing (£13m net of expenses).

MANAGER'S REVIEW continued

Performance

During the year the diluted net asset value per share has increased by 22.6%. The discount between the net asset value and share price widened from 11.8% to 26.3% which restricted the share price increase to 10.1% taking account of the new issue of warrants during the year.

The following chart compares the performance of the Company's share price based on 100p at inception and the relative movements of Company net asset value, the FT Actuaries All Share and Venture Capital Trust indices.



Since inception the Company has outperformed the FT Actuaries All Share and the Nat West Securities Venture Capital Trust Index (VCTI) in respect of both net asset value per share and share price performance.

Purchases during the year

There has been a significant level of investment activity during the year with the successful purchase of four major portfolios of venture funds and new commitments being made to three primary funds. The cost of investments made during the year came to £18.4m in total excluding the purchase of gilts, with a further £0.6m drawn-down to meet existing fund commitments.

The portfolios that have been purchased comprised 28 funds, of which 11 were European focused, 9 US focused and 8 Japanese. This has now increased the Japanese weighting in the Company's Investment Portfolio from 2% to 12% by value.

New commitments were made to two specialist vehicles: Apollo Participations Limited, a fund raised to invest in new and secondary interests in the USA and Atlas Participations Asia Limited, a similar fund for investing in Asian opportunities. £2.7m was committed to Apollo of which £0.7m has been drawn and £3.2m to Atlas of which £0.1m has been drawn. Both these vehicles are managed by Pantheon Ventures (Guernsey) Limited, a fellow subsidiary of the Manager of the Company. A small commitment has also been made to a late stage US fund. These commitments are in line with the policy of making selective new investments in the major markets.

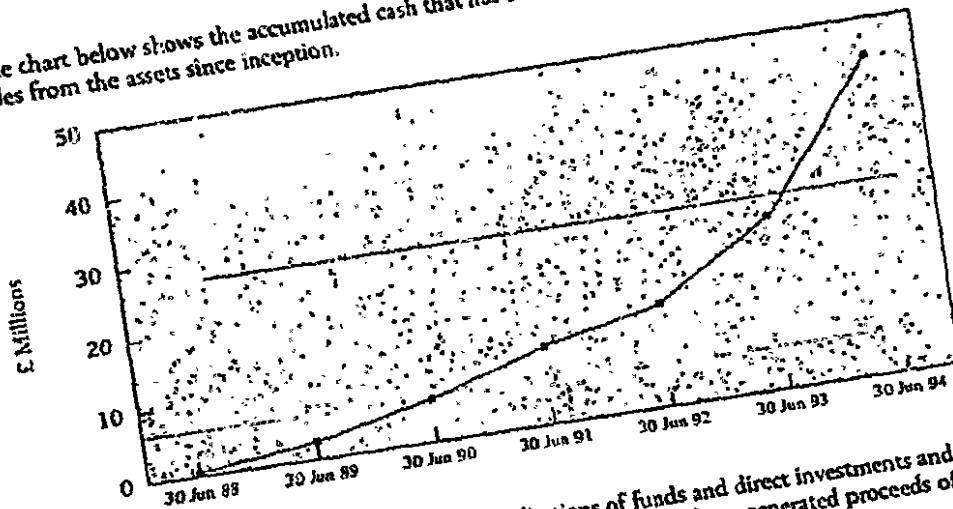
Sales and distributions

For the year to 30 June 1994, the volume of cash realised exceeded expectations at £20.2m (1993: £9.8). This is made up of £17.4m in cash distributions from the venture funds and £2.8m from the sale of stock previously distributed in specie from the funds.

MANAGER'S REVIEW continued

Cumulative realisations

The chart below shows the accumulated cash that has been generated by distributions and sales from the assets since inception.



Since inception there have been 11 complete realisations of funds and direct investments and 6 investments that are fully provided against. These 17 investments have generated proceeds of £8.7m (1993: £5.6m) as compared to an original cost of £5.0m.

Transaction summary

The following table summarises the investment activity of the Company since inception and shows the original cost, the proceeds that have been generated, the current value and the gain of proceeds and value over cost. It can be seen that a total surplus of £29.7m has been generated to date i.e. more than a 50% increase on cost.

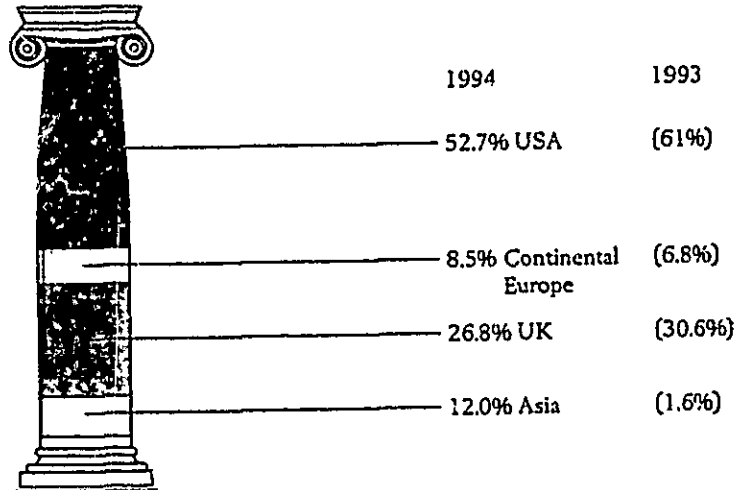
Year Ended 30 June	DESCRIPTION	Original Cost (£m)	Realisation Proceeds (£m)	Value at 30.6.94 (£m)	Surplus over cost (£m)
1989	3 transactions covering the acquisition of 4 venture funds and 19 direct investments, plus 3 individual funds	4.8	4.0	1.9	1.1
1990	A major acquisition of 27 venture fund interests acquired for shares and loan stock and a smaller portfolio of 2 venture funds and 3 direct investments and 1 individual fund	23.8*	21.5	10.8	8.5
1991	3 transactions including the acquisition of 6 venture funds and 3 direct investments holdings and a further direct investment	5.0	8.7	4.2	7.9
1992	Participation in a specialised vehicle which acquired 19 venture funds	2.3	1.6	2.0	1.3
1993	Participation in a specialised vehicle which acquired 3 venture capital fund interests and 5 smaller participations, plus 3 individual funds	3.6	0.1	3.7	0.2
	<b>TOTAL of investments made to 30 June '93</b>	<b>39.5</b>	<b>35.9</b>	<b>22.6</b>	<b>19.0</b>
1994	4 portfolios comprising 35 venture funds in total plus commitments to 3 new investment vehicles	18.4	8.4	20.7	10.7
	<b>TOTAL</b>	<b>57.9</b>	<b>44.3</b>	<b>43.3</b>	<b>29.7</b>

\*The Loan Stock element in the cost was £18.4m but due to an early repayment discount this has reduced to £14.9m.

MANAGER'S REVIEW continued

Geographic diversification

GEOGRAPHIC ANALYSIS BY VALUE  
AS A PERCENTAGE



The above chart analyses the geographic breakdown of the Company's Investment Portfolio, which excludes liquid assets. It should be noted that this analysis differs from that shown on page 18, which includes liquid assets held by the Company.

The USA remains the dominant market for venture capital which is reflected in the significant holding, although the weight has reduced from last year. The main change in the allocation has been the increase in the Asian exposure to 12.0% (1.6%:1993), which has arisen through the acquisition of 8 Japanese fund holdings during the year.

Significant underlying holdings

Using the Company's percentage interest in each venture fund and combining holdings where more than one fund is invested in the same stock, the approximate exposure to each underlying company can be obtained.

The following table lists the 10 underlying companies to which the Company has the largest exposure and it should be noted that their aggregate total accounts for 12% of the Company's Investment Portfolio.

Name	Value (£000s)	Quote	Brief Description
Scotia	2,507	UK*	See description under top twenty venture capital investments (page 15).
Credence Systems	830	OTC*	Supplies application specific integrated circuit test systems.
Public Storage	777	-	Development, construction and management of mini-warehouses in the USA and Canada.
Computacenter	607	-	The leading UK organisation for the sale and support of microcomputer based systems solutions to corporate customers.
FTP Software	548	OTC*	Communications software which enables any device to communicate, share data and exchange files with other devices.
Gemplus	485	-	European leader for the development and marketing of smart cards. Applications are pre-paid telephone cards, credit cards and health cards.
Creative Biomolecules	412	OTC*	Focused on the development of a new class of proprietary products for the regeneration of hard and soft tissue.
Dallas Semiconductor	381	OTC	Develops, manufactures and markets complementary metal oxide silicon integrated circuits and semiconductor-based subsystems.
Wain Group	349	UK	Specialist house builder.
Integrated Health	331	OTC*	Operates 42 geriatric care facilities.

Quoted companies are marked above as OTC, the USA over the counter market, which is a recognised stock exchange or UK for the London Stock Exchange. Holdings marked with \* are held at a discount of between 10% and 20% to the market value ruling on the effective date of the latest accounts of the fund in which it is held.

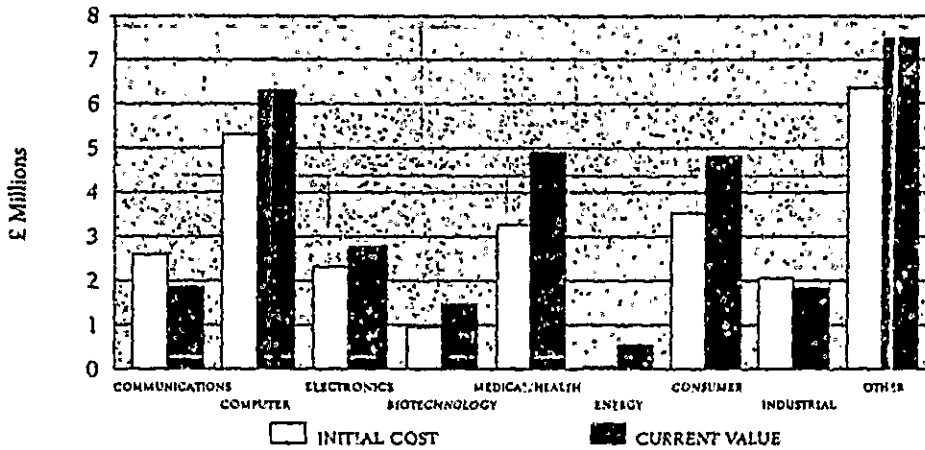
MANAGER'S REVIEW continued

Venture capital fund analysis

There are over 1,000 underlying investments within the 71 funds held by the Company. By weighting the holdings to take account of the Company's percentage ownership of each fund, an aggregate position can be calculated and used to monitor the overall portfolio composition.

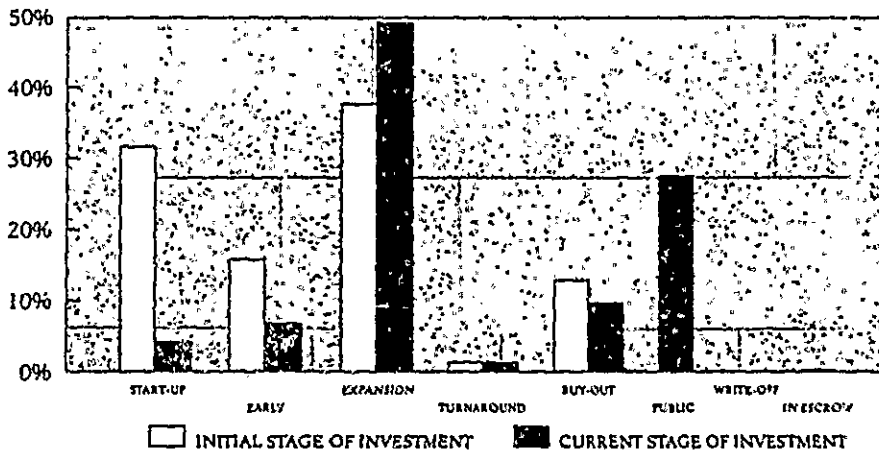
The graphs below review the diversification of the 71 fund investments.

Sectoral analysis  
Comparison of cost to value by sector



There is a broad spread of underlying investments within the portfolio but the highest weighting is in technology and healthcare sectors which are the areas that USA venture capitalists have traditionally supported because of their return potential. The current value is comfortably above initial cost in most sectors.

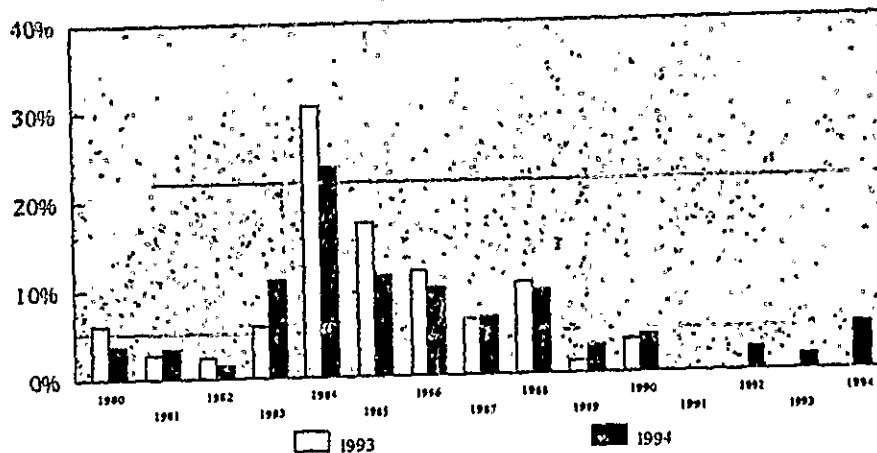
Comparison of initial and current stage  
By % of value



The portfolio is increasingly weighted towards later stage companies as the underlying venture funds become more mature. The percentage of the portfolio held within public companies has remained at about 30% although there is a continual cycle of flotation and subsequent sale.

MANAGER'S REVIEW continued

Vintage year analysis  
Inception of fund



The chart is based on the total cost to the Company of venture funds analysed by the year in which the fund was formed (irrespective of the date they were acquired by the Company) and compares the spread at June 1993 against June 1994. The addition of £20 million of portfolio purchases in the year has significantly broadened the vintage year composition.

Typically funds have a defined life of ten years and should generate a substantial proportion of their realisations in the last few years. Often an extension to the fund is also required to complete the realisations of the underlying companies. The 1984-86 vintage funds are generating significant realisations which are the source of the high cash flow to the Company in the year.

PANTHEON INTERNATIONAL PARTICIPATIONS PLC

LARGEST INVESTMENTS

by valuation at 30 June

1994	(1993)	VENTURE CAPITAL INVESTMENTS	Main Area of investment	% Interest in investment	Original Cos (£'000s)	Income & Capital Returned to the Company (£'000s)	Value (£'000s)	% of Portfolio	
1	(-)	ADVENT V	USA	6.0	1,697	0	2,267	3.8	
2	(-)	ADVENT VI	USA	1.9	1,407	476	2,064	3.5	
3	(1)	JUNO	USA	7.0	2,357	1,610	1,962	3.3	
4	(-)	JAFCO NO 4	Japan	8.8	2,143	1,356	1,950	3.3	
5	(6)	JANUS	France	15.1	1,507	0	1,888	3.2	
6	(-)	INTERNATIONAL NETWORK	USA	2.3	1,295	331	1,781	3.0	
7	(2)	SCOTIA (Note a)	UK	1.8	1,966	662	1,734	2.9	
8	(8)	N.E.A. IV	USA	1.3	1,716	838	1,684	2.8	
9	(4)	APA EXCELSIOR	USA	10.1	1,081	1,039	1,238	2.1	
10	(9)	APAX II	UK	4.0	777	888	1,184	2.0	
11	(-)	THOMPSON CLIVE VENTURES	UK	8.8	779	278	1,160	1.9	
12	(3)	N.E.A. III	USA	3.2	1,209	1,668	1,036	1.7	
13	(-)	N.I.F. 4	Japan	4.9	463	0	928	1.6	
14	(11)	FLEMING VENTURES	UK	7.6	718	597	924	1.6	
15	(7)	GROSVENOR TECHNOLOGY	UK	18.5	1,148	1,351	917	1.5	
16	(-)	BARONSMEAD REORGANISATION	UK	9.5	619	0	816	1.4	
17	(-)	US VENTURES	USA	6.8	1,035	764	787	1.3	
18	(-)	JAFCO C-S	Japan	8.1	499	36	786	1.3	
19	(-)	APOLLO	USA	7.5	677	0	785	1.3	
20	(-)	PUBLIC STORAGE	USA	11.4	595	0	777	1.3	
							26,668	44.8	
UK GOVERNMENT SECURITIES									
Treasury 9% 1994							-	10,289	17.2
US GOVERNMENT SECURITIES									
Treasury 4.625% 15/8/95							-	6,054	10.0
OTHER INVESTMENTS (83)							16,648	28.0	
							59,521	100	
Divided into:									
Equities							42,844	72.0	
Convertibles							39	0.1	
Loan Stock							433	0.7	
Fixed Interest							16,205	27.2	
							59,521	100	

note (a) Further indirect interests are held by venture capital funds in which the Company has invested amounting to approximately £773,000 at current value.

TOP TWENTY VENTURE CAPITAL INVESTMENTS

1. ADVENT V LP

Advent V was established in 1983 with \$167.4 million in contributed capital. The fund can be classified as a balanced fund and has invested in early stage companies through to late stage companies located in the US. The fund had a ten year life which ended on 8 April 1993. The Limited Partners have agreed to extend the fund to 8 April 1995. As of 31 March 1994, 63% of the portfolio value is in the Advent V Debt Company Limited Partnership ("The Debt Company"). The Debt Company is a leveraged investment partnership which includes a Small Business Investment Company and which specializes in making investments in the media and communications areas. The Debt Company has seven remaining investments, six of which comprise 92% of the value and are expected to be disposed of during the remainder of 1994.

2. ADVENT VI LP

Advent VI was established in 1988 with \$220.1 million in contributed capital. The fund's focus is on later stage companies located in the US. The fund has a ten year life which ends on 28 April 1998. The fund is fully invested and is looking to achieve liquidity on its remaining investments by 1998. As of 31 March 1994, 19 of the 36 portfolio companies were publicly traded and represent 66% of the overall portfolio value. The values of the public companies are discounted between 10% and 25% from the market value to account for the effects of lock-ups and low trading volumes.

3. JUNO

Juno is a specialist vehicle which was established in Guernsey in 1991 and is quoted on the Irish Stock Exchange. The original capital raised by Juno was \$53 million, of which over 65% had been redeemed by 30 June 1994. Juno acquired 19 funds from the Ontario Municipal Employees Retirement System, which were predominantly invested in North America. The Company's investment represents approximately 7% of Juno and gives it exposure to this large portfolio of venture funds in the key North American market.

4. JAFCO NO 4

JAFCO No 4 is a Japanese partnership formed in 1984 by Japan Associated Finance in Tokyo. The partnership raised ¥8,000 million for investing in Japanese late stage unquoted companies and is fully committed with a portfolio of nearly 100 investments. The fund is making cash distributions from realised holdings following the improvement in the investment climate for new issues on the Japanese market.

5. JANUS PARTICIPATIONS LIMITED

Janus is a specialist vehicle established in July 1992 as a Guernsey company with FF100 million commitments. Janus acquired seven fund investments from the Maxwell Pension Funds at the end of 1992 and has subsequently acquired one further investment. The largest investments in the portfolio are in Schroder French Buy Out Fund, Euro Synergies Investments SCA and Baring European Capital Trust.

6. INTERNATIONAL NETWORK FUND LP

The fund was organized to invest in privately-held business including those in the development stage, with a primary emphasis on investments which have a significant international component. The fund also invests in international limited partnerships (32% of committed capital) for deal flow and return on investment. The fund has a ten year life which ends on 30 June 1997 with an option to extend for up to three additional years. The fund is fully invested and is looking to achieve liquidity on its remaining investments by the end of 1997. As of 31 March 1994 the fund has distributed 36% of committed capital back to its limited partners.

7. SCOTIA HOLDINGS PLC

The UK based Scotia Holdings is an emerging pharmaceutical company which achieved a flotation on the UK Stock Market in October 1993. It has a particular expertise in the field of lipid technology and applications of certain lipids for therapeutic benefit. It already has three product licences for treatment of eczema, breast pain and seborrhoeic dermatitis. It also has potential treatments in human clinical trials for diabetic neuropathy, cancer, arthritis, cardiovascular disease and certain viral conditions.

TOP TWENTY VENTURE CAPITAL INVESTMENTS continued

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8. NEW ENTERPRISE ASSOCIATES IV LP

NEA IV is a limited partnership raised in 1986 with committed capital of \$151.5 million. The fund specialises in the medical, life sciences, communications, computers, retailing and financial market sectors. As of 31 March 1994, 19 of the 45 portfolio companies were publicly traded and represent 61% of the overall portfolio value. The values of the public companies are discounted between 10% and 25% from the market value to account for the effects of lock-ups and low trading volumes.

9. APA EXCELSIOR VENTURE CAPITAL HOLDINGS (JERSEY) LIMITED

APA Excelsior is a Jersey registered limited liability company denominated in US dollars, with an original capital of \$29.8 million now fully drawn down. The company has an initial termination date of 31 July 1994, however a resolution has been tabled to extend the life of the company for another two years. As of 31 March 1994, 12 of the 28 portfolio companies were publicly traded and represent 51% of the overall portfolio value. The values of the public companies are discounted between 10% and 25% from the market value to account for the effects of lock-ups and low trading volumes.

10. APAX VENTURES II LTD

Apax Ventures II is a Jersey registered limited liability investment company, formed in 1984 with subscribed capital of approximately £30 million. The initial termination date of 30 June 1994 has been extended by two years. While only a small distribution was received during the year to 30 June 1994, significant cash is expected from achieving realisations in 1994-5. Computacenter and the now publicly-quoted Scotia remain key companies in the residual portfolio, together accounting for more than half the value.

11. THOMPSON CLIVE VENTURES

Thompson Clive Ventures is a Jersey unit trust formed in September 1986 with subscribed capital of £22m. The fund is predominantly invested in small to medium sized technology based companies with international growth potential. Distributions in the year to 30 June 1994 of £278,000 were received from realising various portfolio investments. Quintiles, which provides clinical research and development services to the pharmaceutical industry and was listed on NASDAQ in the second quarter of 1994, is the most significant investment in the remaining portfolio.

12. NEW ENTERPRISE ASSOCIATES III LP

NEA III is a limited partnership raised in 1984 with committed capital of \$126 million. The fund specialises in the medical, life sciences, communications, computers and software market sectors. As of 31 March 1994, eight of the remaining 29 portfolio companies were publicly traded and represent 64% of the overall portfolio value. The values of the public companies are discounted between 10% and 25% from the market value to account for the effects of lock-ups and low trading volumes.

13. NIPPON INVESTMENT FINANCE 4

NIF 4 is a Japanese partnership formed in 1984 by Nippon Investment Finance, part of the Daiwa Securities Group. The original fund size was ¥4,100 million which was invested in the unquoted equity of 54 companies for expansion purposes. The fund's 10 year term expires in November this year and the manager proposes to dispose of as many of the remaining 37 investments that it can before then. An extension may be sought in the case of investments which may be realised for significantly more (e.g. IPO) within a short period after the expiry of the fund.

14. FLEMING VENTURES LIMITED

Fleming Ventures is a Jersey registered limited liability company formed in 1985 with subscribed capital of £20m. The company invests in the US and in Europe mainly in electronics and telecommunications. In the year to 30 June 1994 distributions totalling £173,000 were received. Gemplus, the French smart card supplier, continues to perform exceptionally well and is the most significant remaining investment.

## TOP TWENTY VENTURE CAPITAL INVESTMENTS continued

### 15. GROSVENOR TECHNOLOGY FUND LP

Grosvenor Technology Fund is a UK Limited Partnership with subscribed capital of £9.5m and an initial termination date of 31 December 1995. The fund is predominantly invested in the UK across all stages of investment with no specific market focus beyond a technology bias. A total of £582,000 was received in distributions for the year to 30 June 1994 largely from realising the investment in Dzus and partially realising the fund's holding in Wain, a Chester based house builder, which floated in early 1994. The residual holding in Wain and the investment in AIMS, a start up providing marketing services to the pharmaceutical industry, remain key investments.

### 16. BARONSMEAD REORGANISATION FUND

The Baronsmead Reorganisation Fund is a UK Limited Partnership with subscribed capital of £10.5m and an initial termination date of 30 June 1996. The fund is predominantly invested in small to medium sized UK companies across a wide range of sectors. Brewin Dolphin, a private client stockbroker obtained a listing on the Stock Exchange in May 1994. Specialix, which is active in the computer sector, is a significant investment.

### 17. US VENTURES SA

US Ventures SA is a Jersey registered limited liability company formed in 1980 with subscribed capital of approximately \$16 million. The company invested in high growth investments in technology, speciality retailing and consumer product businesses. In 1990 the company began a pro rata redemption plan of its common shares, which is funded by the proceeds of the sale of the investment portfolio as it reaches maturity. Total redemptions of \$1,125,000 were received during the year to 30 June 1994.

### 18. JAFCO C-S

JAFCO C-S is a Japanese partnership formed in 1983 by Japan Associated Finance Company in Tokyo. The partnership raised ¥6,200 million to invest in the computer related industry. The fund reached its zenith in 1992 but the portfolio declined in the recession and exits since then have been slow. The fund's current extension comes to an end in 1995.

### 19. APOLLO PARTICIPATIONS LIMITED

Apollo Participations Limited is a closed-ended investment company registered in Guernsey and is quoted on the Irish Stock Exchange. It has been established for the principal purpose of investing in venture funds in the US. The committed capital is approximately \$53.5m.

### 20. PUBLIC STORAGE INTERNATIONAL PROPERTIES N.V.

Public Storage International Properties N.V. was set up in 1983 to acquire land and construct mini-warehouses principally in California. It now owns warehouses on three sites, San Mateo, the largest, Concord and Virginia Beach. Each site is operating at a high occupancy level under the management of Public Storage Inc.

DISTRIBUTION OF THE PORTFOLIO

Based on a total value of £59,521,000 (1993: £32,238,000)					1994	1993
	UK %	North America %	Japan %	Europe %	Total %	Total %
<b>EQUITIES (including convertibles)</b>						
Capital Goods						
Electronics	-	1.8	-	-	1.8	2.6
Building Materials	-	-	-	-	-	0.3
Computer Software	-	-	-	-	-	0.8
	<u>-</u>	<u>1.8</u>	<u>-</u>	<u>-</u>	<u>1.8</u>	<u>3.7</u>
Consumer Goods (durable)						
Health and Household	-	0.1	-	-	0.1	0.3
	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>0.1</u>	<u>0.3</u>
Financial						
Venture Capital	16.5	29.1	8.8	2.1	56.5	64.3
	<u>16.5</u>	<u>29.1</u>	<u>8.8</u>	<u>2.1</u>	<u>56.5</u>	<u>64.3</u>
Offshore Funds	-	0.9	-	-	0.9	1.7
	<u>-</u>	<u>0.9</u>	<u>-</u>	<u>-</u>	<u>0.9</u>	<u>1.7</u>
Other Groups						
Chemicals	2.9	0.1	-	-	3.0	9.0
Miscellaneous	-	6.4	-	4.1	10.5	14.8
	<u>2.9</u>	<u>6.5</u>	<u>-</u>	<u>4.1</u>	<u>13.5</u>	<u>23.8</u>
<b>TOTAL EQUITIES</b>	<u>19.4</u>	<u>38.4</u>	<u>8.8</u>	<u>6.2</u>	<u>72.8</u>	<u>93.8</u>
<b>FIXED INTEREST</b>	<u>17.2</u>	<u>10.0</u>	<u>-</u>	<u>-</u>	<u>27.2</u>	<u>6.2</u>
<b>Total at 30 June 1994</b>	<u>36.6</u>	<u>48.4</u>	<u>8.8</u>	<u>6.2</u>	<u>100.0</u>	<u>-</u>
<b>Total at 30 June 1993</b>	<u>36.3</u>	<u>53.6</u>	<u>2.9</u>	<u>7.2</u>	<u>-</u>	<u>100.0</u>
Quoted	17.2	11.2	-	-	28.4	25.0
Unquoted	19.4	37.2	8.8	6.2	71.6	75.0
	<u>36.6</u>	<u>48.4</u>	<u>8.8</u>	<u>6.2</u>	<u>100.0</u>	<u>100.0</u>

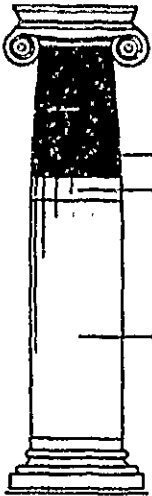
Number of holdings: 105 (1993:81)

PANTHEON INTERNATIONAL PARTICIPATIONS PLC

ANALYSIS OF ORDINARY SHAREHOLDERS

(at 30 June 1994)

Type of Shareholder	Number of Shareholders	Number of Shares	Percentage
Institutions	41	5,427,233	32%
Individuals	243	953,094	6%
Banks and Bank Nominee Companies	73	10,586,976	62%
Total	357	16,967,303	100%



FINANCIAL CALENDAR

RESULTS

Half year announced in February  
 Full year announced in September  
 Report and Accounts posted to shareholders in October  
 Annual General Meeting held in London in November.

DIVIDEND PAYMENTS

Ordinary Shares:  
 announced in September, payable in December.

HISTORICAL RECORD

ASSETS

Year ended 30 June	Total assets less current liabilities (£'000s)	Long term loans & interest (£'000s)	Available for ordinary shares (£'000s)	Net asset value per share (undiluted) (p)	Net asset value per share (diluted) (p)	Middle-market price per share (p)
1988	12,361	-	12,361	103.0	102.5	75
1989	35,516	18,556	16,960	125.6	120.9	95
1990	39,323	19,107	20,216	138.4	126.7	80.5
1991	40,690	19,658	21,032	144.0	129.1	86.5
1992	33,849	12,500	21,349	146.2	139.7	93.5
1993	38,341	7,500	30,841	211.1	195.5	172.5
1994	60,937	13,574	47,365	279.2	239.6	176.5

INCOME

Year ended 30 June	Profit available for distribution (£'000s)	Earnings per share basic (p)	Earnings per share diluted (p)	Dividend per share (p)
1988	141	1.17	0.98	1.0
1989	377	3.00	2.08	2.0
1990	462	3.39	1.60	2.5
1991	468	3.20	1.51	2.5
1992	438	3.01	-	2.5
1993	169	1.16	-	0.5
1994	140	0.88	-	0.5

# PANTHEON INTERNATIONAL PARTICIPATIONS PLC

## DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited accounts of the Company for the year to 30 June 1994.

### STATUS AND ACTIVITIES

The Inland Revenue has approved the Company as an Investment Trust under Section 842 of the Income and Corporation Taxes Act 1988 for accounting periods up to 30 June 1992. Since that date the Company has so directed its affairs as to enable it to continue to be so approved under that Section.

The Company is not a close company. It is registered as an investment company under Section 266 of the Companies Act 1985 and operates as such.

A review of the year's activities and an indication of likely future developments is given in the Chairman's Statement on pages 5 & 6 and the Manager's Review on pages 7 to 13.

### RESULTS AND DIVIDENDS

	£'000s
Net profits available for distribution	140
Dividends:	
Recommended - 0.5p per share	<u>(85)</u>
Transfer to Reserves	<u>55</u>

### INVESTMENTS

A list of the top twenty venture capital investments is set out on page 14. The percentage distribution, by areas and industries, of the investment portfolio appears on page 18.

### NET ASSET VALUE

The net asset value per share at 30 June was:

	1994	1993
	£'000s	£'000s
Net assets	60,937	30,841
Add: Amounts payable on exercise of warrants	-*	2,391
Add: Amounts payable in respect of partly paid stock units	20,361	-
Adjusted net assets	81,298	33,232
Number of ordinary shares in issue	16,967,303	14,609,557
Number of ordinary shares in issue after conversion in full of ordinary stock units	33,934,606	14,609,557
Number of ordinary shares in issue after conversion in full of ordinary stock units and exercise of warrants	33,934,606*	17,000,557
Net asset value per share (undiluted)	279.2p	211.1p
Net asset value per share (diluted)	239.6p	195.5p

\*No account has been taken of the outstanding warrants as the market price is below the exercise price

### MANAGEMENT

Pantheon Ventures Limited acts as manager and investment adviser to the Company under an agreement entered into on 16 July 1992 which is terminable by either party at any time by the giving of two years' notice in writing. The agreement provides for a fee (calculated and payable monthly) at the rate of 0.125% per calendar month (excluding VAT) on the funds under management plus a charge of £55,000 per annum (payable monthly and excluding VAT) together with a transaction fee of £15,000 in respect of secretarial and accountancy services rendered. The management fee for the year amounted to £654,000 (1993: £567,000) of which £547,000 (1993: £507,000) has been charged directly to capital reserve in accordance with the accounting policy set out in Note 1(e) to the accounts.

Mr. W.T.J. Griffin and Mr. R.M. Swire are directors of and shareholders in Pantheon Holdings Limited, the holding company of Pantheon Ventures Limited.

### DIRECTORATE

The Board has discussed the reappointment of Mr. L.G. Stopford Sackville and is unanimous in its recommendation that his term of office should, subject to shareholder approval, be renewed for a further three years. Accordingly Mr. L.G. Stopford Sackville retires by rotation and being eligible offers himself for re-election at the forthcoming Annual General Meeting.

DIRECTORS' REPORT continued

Mr. J.P.A. Readman, having been appointed as a director of the Company on 20 October 1994, retires in accordance with the Articles of Association and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

At the Annual General Meeting a resolution will be proposed to increase the maximum ordinary remuneration payable to the Directors to £100,000 per annum with effect from 1 July 1994 (1993: £62,500 p.a.) to be divisible amongst them as they see fit. Subject to such resolution being passed, it is proposed that until the Board otherwise determines, the amount payable by way of fees to the Chairman be increased to £15,000 per annum (previously £12,500 p.a.) and to each other Director to £12,000 per annum (previously £10,000 p.a.) with effect from 1 July 1994.

No Directors are under contracts of service with the Company and save as mentioned above under the heading of 'Management' no contract subsisted during or at the end of the financial year in which any Director was materially interested and which was significant in relation to the Company's business.

The following were the Directors of the Company throughout the year to 30 June 1994. Their interests in shares and ordinary stock units of the Company at the year-end are shown below:

	1994			1993	
	Beneficial & Family			Beneficial & Family	
	Ordinary Shares	Warrants	Ordinary Stock Units	Ordinary Shares	Warrants
WTJ. Griffin	115,000	23,000	-	110,000	130,000
A.M.L. Lefebvre	112,500	22,500	-	82,500	16,500
J.P.A. Readman*	-	-	-	-	-
R.M.O. Stanley	21,614	-	10,000	2,000	45,000
L.G. Stopford Sackville	6,000	2,000	4,000	5,000	1,000
R.M. Swire	14,800	2,960	-	13,800	1,000

\* date of appointment

There have been no alterations in the above holdings since 30 June 1994.

The warrants held by the Directors and their families as at 30 June 1994 (as shown above) were acquired pursuant to the issue of warrants in January 1994 referred to below. During the year to 30 June 1994 warrants held by the Directors and their families on 30 June 1993 (as shown above) were exercised as follows:

Director	Warrants exercised
WTJ. Griffin	130,000
A.M.L. Lefebvre	16,500
R.M.O. Stanley	19,614
L.G. Stopford Sackville	1,000
R.M. Swire	1,000

Mr. Brakell resigned as a director of the Company on 12 May 1994.

Redemption of unsecured loan stock 1999

Further to the agreement entered into by the Company on 23 June 1992 the Company redeemed the final outstanding balance of the Unsecured Loan Stock of £7.5m (including the accrued premium) on 29 December 1993 for a payment of £5.6m.

Ordinary stock units

In January 1994 the Company completed the placing of 16,967,303 ordinary stock units of 10p nominal amount each at 200p per unit on a partly paid basis. The first instalment of 80p per unit was payable on application, a second instalment of 60p was paid on 8 July 1994 and the final instalment of 60p is payable on 10 January 1995. The ordinary stock units convert automatically into ordinary shares on payment of the final instalment at the rate of one ordinary share for one fully paid ordinary stock unit (subject to adjustment).

Warrants to subscribe for ordinary shares

The warrants issued at the time of the Company's flotation in 1987 expired in November 1993 and in connection with and at the same time as the placing referred to above a scrip

DIRECTORS' REPORT continued

issue to shareholders of new warrants to subscribe for ordinary shares was made on the basis of one warrant for every five existing ordinary shares held and, at the same time, subscribers for ordinary stock units received new warrants on the basis of one warrant for every five ordinary stock units subscribed for. This resulted in the issue of a total of 6,786,921 warrants to subscribe for ordinary shares at a price of 250p per share. The subscription rights in respect of the new warrants may be exercised on a specified date in each of the years 1996 to 2001.

Authority to allot shares

The authorities given to the Directors at the Extraordinary General Meeting held on 14 January 1994 to allot unissued shares of the Company are due to expire at the forthcoming Annual General Meeting.

The Notice of Meeting on pages 34 and 35 sets out Resolution numbered 6 which, if passed, will extend for a further 15 months (or, if earlier, until the next AGM) the powers of the Directors to allot shares. The authority granted by Resolution numbered 6 if passed will be in addition to the authority already granted to the Directors to allot ordinary shares on exercise of the warrants issued in January 1994.

The nominal amount of £2,827,883 ordinary shares which may be allotted pursuant to Resolution numbered 6 is equal to one third of the existing issued ordinary share capital of the Company. Save in respect of the allotment of ordinary shares to holders of lapsed warrants (referred to above), the Directors have no present intention of exercising the authority to be granted by Resolution numbered 6, if passed.

Disapplication of pre-emption rights

Resolution numbered 7 complies with the London Stock Exchange Guidelines on pre-emption rights.

The Directors intend to exercise the authorities to allot shares in conformity with those guidelines and to propose the renewal of the authorities at subsequent Annual General Meetings.

SUBSTANTIAL SHAREHOLDERS

At the date of this report, as far as the Directors are aware, the only interests in the issued share capital of the Company disclosed under sections 198 to 210 of the Companies Act 1985 as amended by Disclosure of Interests in Shares in Public Companies (Amendment) Regulations 1993 were:

	Shares	%
Merchant Investors	2,900,000	17.1
Equitable Life Assurance Society	2,765,000	16.3
Lloyd's Bank Pension Trust Corporation Limited	1,320,000	7.8
British Airways Pension Fund Trustees Limited	1,200,000	7.1
Pilkington Superannuation Scheme	1,133,533	6.7
Lazard Freres Asset Management	1,020,000	6.0
Royal Insurance Group	975,000	5.8
London & Manchester (Portfolio Management) Ltd	870,000	5.1

CORPORATE GOVERNANCE

The Committee on The Financial Aspects of Corporate Governance published its final report in December 1992. This report contains a Code of Best Practice based upon openness, integrity and accountability. Throughout the year to 30 June 1994 the Company complied with 17 of the 19 items of the Code.

Through enquiry of the Directors, the auditors have satisfied themselves that the above statement appropriately reflects the Company's compliance with the Code for the items specified by the London Stock Exchange for review by the auditors. They are not required to report on the matters referred to below.

The Company will consider its compliance with items 4.5 (effectiveness of the Company's system of internal control) and 4.6 (Directors to report that the business is a going concern) when the guidelines for those two items have been developed. However, the Directors believe that the Company has adequate internal controls and procedures. On the basis of current internal financial projections and facilities available, the Directors believe that it is entirely valid to consider the Company as a going concern.

DIRECTORS' REPORT continued

AUDITORS

Robson Rhodes, Chartered Accountants, have indicated their willingness to continue in office and a resolution will be proposed at the forthcoming Annual General Meeting re-appointing them as auditors and authorising the Directors to fix their remuneration for the ensuing year. The report of the Directors was approved by the Board on 20 October 1994 and is signed on its behalf by the Secretary.

London  
20 October 1994

*A.B. Powley*  
By order of the Board  
A.B. Powley Secretary

DIRECTORS' RESPONSIBILITIES  
IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

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 and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE SHAREHOLDERS OF  
PANTHEON INTERNATIONAL PARTICIPATIONS PLC

We have audited the financial statements on pages 24 to 33 which have been prepared on the basis of the accounting policies set out on page 27.

Respective Responsibilities of Directors and Auditors

As described above 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 affairs of the Company at 30 June 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Robson Rhodes*  
Robson Rhodes  
Chartered Accountants and Registered Auditors

London  
20 October 1994

# PANTHEON INTERNATIONAL PARTICIPATIONS PLC

## PROFIT & LOSS ACCOUNT

	Notes	Year ended 30 June 1994 £'000s	Year ended 30 June 1993 £'000s
INCOME FROM INVESTMENTS	2	691	904
OTHER INCOME			
Deposit interest		209	120
		<u>900</u>	<u>1,024</u>
INTEREST PAYABLE			
Interest on loan stock		(112)	(293)
MANAGEMENT EXPENSES	3	(573)	(529)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>215</u>	<u>202</u>
TAXATION	5	(75)	(33)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		140	169
DIVIDENDS			
On ordinary shares of 50p: Proposed at 0.5p (1993 - 0.5p)		(85)	(73)
PROFIT RETAINED FOR THE YEAR		<u>55</u>	<u>96</u>
Retained profit brought forward		497	401
RETAINED PROFIT CARRIED FORWARD		<u>552</u>	<u>497</u>
EARNINGS PER SHARE	6	<u>0.88p</u>	<u>1.16p</u>

## STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

	1994 £'000s	1993 £'000s
CAPITAL PROFIT ON INVESTMENTS	13,323	8,396
Realised and unrealised gains and losses	(547)	(507)
Management Fee	1,875	1,500
Discount on redemption of unsecured loan stock	<u>14,711</u>	<u>9,389</u>
CAPITAL SURPLUS FOR THE YEAR	140	169
REVENUE PROFIT AVAILABLE FOR DISTRIBUTION	<u>14,851</u>	<u>9,558</u>
TOTAL RECOGNISED GAINS & LOSSES FOR THE YEAR	<u>140</u>	<u>169</u>
DISTRIBUTABLE PROFITS		
Revenue profit available for distribution	140	169
Dividends	(85)	(73)
TRANSFER TO DISTRIBUTABLE RESERVES	55	96
NON-DISTRIBUTABLE PROFITS		
Transfer to non-distributable reserves	14,711	9,389
	<u>14,766</u>	<u>9,485</u>

The notes on pages 27 to 33 form part of these accounts

PANTHEON INTERNATIONAL PARTICIPATIONS PLC

BALANCE SHEET

	Notes	30 June 1994 £'000s	30 June 1993 £'000s
<b>FIXED ASSETS</b>			
Investments	7	59,521	32,238
<b>CURRENT ASSETS</b>			
Debtors	8	1,290	730
Cash at bank		511	5,984
		<u>1,801</u>	<u>6,714</u>
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Taxation		-	37
Proposed dividend		85	73
Other creditors		300	501
		<u>385</u>	<u>611</u>
<b>NET CURRENT ASSETS</b>		<u>1,416</u>	<u>6,103</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>60,937</b>	<b>38,341</b>
<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Unsecured loan stock 1999	9	-	6,812
Accrued premium on unsecured loan stock 1999		-	688
		<u>-</u>	<u>7,500</u>
		<u>60,937</u>	<u>30,841</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	8,484	7,305
Payment on account of called up share capital	11	13,574	-
<b>RESERVES</b>			
Share premium account	12	7,070	6,493
Capital reserve	14	31,257	16,546
Profit and loss account		552	497
		<u>38,879</u>	<u>23,536</u>
	19	<u>60,937</u>	<u>30,841</u>

Approved by the Board and signed on its behalf by

W.T.J. Griffin  
R.M.O. Stanley

Directors

20 October 1994

*Thomas Griffin*  
*R.M.O. Stanley*

The notes on pages 27 to 33 form part of these accounts

PANTHEON INTERNATIONAL PARTICIPATIONS PLC

CASH FLOW STATEMENT

		Year ended 30 June 1994 £'000s	Year ended 30 June 1993 £'000s
	<i>Notes</i>		
<b>OPERATING ACTIVITIES</b>			
Cash received from investments		672	855
Interest received		208	120
Investment management fees paid		(65)	(60)
Cash paid to and on behalf of directors		(64)	(61)
Other cash payments		<u>(360)</u>	<u>(420)</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	16	391	434
<b>RETURNS ON INVESTMENT &amp; SERVICING OF FINANCE</b>			
Interest paid		(1,025)	(535)
Dividends paid		<u>(73)</u>	<u>(365)</u>
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS &amp; SERVICING OF FINANCE</b>		(1,098)	(900)
<b>TAXATION</b>			
UK corporation tax paid		(66)	(139)
Income tax paid		(198)	(73)
Overseas tax paid		<u>-</u>	<u>(7)</u>
<b>TOTAL TAX PAID</b>		(264)	(219)
<b>INVESTING ACTIVITIES</b>			
Purchase of investments		(46,952)	(11,552)
Management fee		(585)	(507)
Realised currency profits		(410)	1,595
Sale of investments		<u>33,002</u>	<u>17,813</u>
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>		<u>(14,945)</u>	<u>7,349</u>
<b>NET CASH INFLOW BEFORE FINANCING</b>		(15,916)	6,664
<b>FINANCING</b>			
Redemption of loan stock		(4,937)	(3,041)
Issue of ordinary share capital		2,358	7
Payment on account of called-up share capital		13,574	-
Expenses of issue		<u>(552)</u>	<u>-</u>
<b>NET CASH INFLOW FROM FINANCING</b>		<u>10,443</u>	<u>(3,034)</u>
<b>INCREASE/(DECREASE) IN CASH AT BANK</b>	17	<u><u>(5,473)</u></u>	<u><u>3,630</u></u>

The notes on pages 27 to 33 form part of these accounts

## NOTES TO THE ACCOUNTS

## 1. ACCOUNTING POLICIES

- (a) The accounts are prepared in accordance with applicable accounting standards under the historical cost basis of accounting modified to include the revaluation of fixed asset investments and on the basis that all activities are continuing.
- (b) i) Unquoted fixed asset investments are stated at Directors' valuation. In the case of investments in specialist funds this is based on the net asset value of those funds ascertained from periodic valuations provided by the managers of the funds. Such valuations are necessarily dependent upon the reasonableness of the valuations by the fund managers of the underlying investments. The Directors have no reason to suppose that any such valuations are unreasonable. In the case of other unquoted investments the Directors' valuation is based on cost. Where special factors apply, such as indications of a market value through subsequent issues of capital or dealings between third parties, cost is adjusted to an appropriate valuation. Provision is made against cost where a permanent diminution in value has arisen.
- ii) Quoted investments are valued at the mid-market price on the relevant stock exchange, except when such investments are subject to restrictions on transferability.
- (c) Gains and losses on fixed asset investments and currencies, whether realised or unrealised, are taken to capital reserve. (Note 14.)
- (d) Capital distributions from investments are accounted for on a reducing cost basis, cash received is first applied to reducing the historic cost of an investment, a realised gain will be recognised only when the cost has been reduced to nil.
- (e) Given that the primary investment objective of the Company is to maximise capital growth, the Directors consider that it is appropriate to charge a significant part of the management fee directly to capital reserve. This reflects the additional time and cost incurred in the selection and monitoring of those investments whose performance will be determined by their capital appreciation.
- (f) Dividends and interest on investments (other than UK Government Securities) are credited to profit and loss account by reference to payment dates, provided they are received by the Company within two weeks of its accounting date. Interest arising from holdings of UK Government Securities is taken to credit in the profit and loss account upon these securities being listed ex-interest.
- (g) On all holdings of fixed interest securities the full amount of the interest receivable (whether by reference to payment dates or ex-interest dates) is credited to income without any apportionment to capital irrespective of the period of ownership.
- (h) Expenses and other income are charged or credited to profit and loss account in the period to which they relate.
- (i) The charge for taxation is based on the profit in the accounts. In respect of fixed interest income corporation tax is payable only on that part of the income earned during the period in which the investment was held. Where corporation tax is suffered on fixed interest income which is included in the disposal proceeds of sale of the investment, and thus accounted for as a capital item, such tax is chargeable to capital reserve.
- (j) Transactions in foreign currencies during the period are recorded at the rates of exchange applicable on the dates of such transactions. Assets and liabilities in foreign currencies at the year end are expressed in sterling at the rates of exchange ruling on that date.

NOTES TO THE ACCOUNTS continued

2. INCOME FROM INVESTMENTS	1994		1993	
	Franked £'000s	Unfranked £'000s	Franked £'000s	Unfranked £'000s
Listed investments	-	430	216	584
Unlisted investments	83	178	16	88
	83	608	232	672
Total	<u>691</u>		<u>904</u>	

3. MANAGEMENT EXPENSES

	1994 £'000s	1993 £'000s
Management fees	674	567
Directors' fees (Note 4)	61	63
Audit fees	12	11
Other fees paid to the Auditors	3	-
Other management expenses	412	395
	1,162	1,036
Less: Management fee charged to capital reserve (Note 1(e))	(589)	(507)
	<u>573</u>	<u>529</u>

4. DIRECTORS' FEES

	1994 £'000s	1993 £'000s
The Chairman and highest paid Director	<u>13</u>	<u>13</u>
Number of other Directors within the range: £5,001 - £10,000	<u>5</u>	<u>5</u>

Directors emoluments are not performance related and no pension contributions are made.

5. TAXATION

	1994 £'000s	1993 £'000s
UK Corporation Tax at 25% (1993 25%) based on profit for the year	56	-
Tax attributable to UK dividends	19	49
Overseas taxation	-	8
ACT provision	-	(24)
	<u>75</u>	<u>33</u>

6. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit on ordinary activities after taxation of £140,000 (1993 - £1,699,000) and 16,016,604 ordinary shares being the weighted average number of shares in issue during the year (1993 14,606,724).

NOTES TO THE ACCOUNTS continued

7. FIXED ASSET INVESTMENTS

	1994		1993	
	Value £'000s	Cost £'000s	Value £'000s	Cost £'000s
a) Listed				
On the London Stock Exchange				
Fixed interest	10,252	10,289	1,985	2,053
Equities	1,734	1,593		
On stock exchanges overseas	5,953	6,054	2,745	1,466
Unlisted				
Dealt on the Over-the-Counter Market in the United States reported by NASDAQ	800	311	436	182
Dealt under Stock Exchange Rules 535(2) and 535(3)	68	97	2,900	1,977
Unquoted investments	<u>40,714</u>	<u>27,924</u>	<u>24,172</u>	<u>20,155</u>
	<u>59,521</u>	<u>46,178</u>	<u>32,238</u>	<u>25,833</u>
b) The movement on fixed asset investments:		1994		1993
		£'000s		£'000s
Cost at 1 July		25,833		28,073
Purchases at cost		46,952		11,552
Sales at cost		(26,607)		(13,792)
Cost at 30 June		<u>46,178</u>		<u>25,833</u>

PANTHEON INTERNATIONAL PARTICIPATIONS PLC

NOTES TO THE ACCOUNTS continued

c) At 30 June 1994 the Company held the following investments which were in excess of 10% of the nominal value of any class of shares in the undertaking.

		<i>Percentage held</i>	<i>Country of incorporation</i>
Darnaway Venture Capital plc	Ordinary Shares	19.2%	England & Wales
Janus Participations Limited	Units	15.08%	Guernsey
Prelude Technology Fund Limited Partnership 280 Science Park Milton Road, Cambridge	Capital Shares	16.2%	-
	Loan Stock	20.0%	
Grosvenor Technology Limited Partnership 2-6 Bath Road Slough, Berks SL1 3RZ	Capital Shares	18.4%	-
	Loan Stock	20.1%	
APA Excelsior Venture Capital Holdings (Jersey) Ltd	'A' Ordinary Shares	10.07%	Jersey
	'B' Ordinary Shares	10.07%	Jersey
Lazard Leisure Limited Partnership 21 Moorfields London EC2P 2HT	Units	11.1%	-
Venture Link Software Tectonic Place, Holyport Road Maidenhead, Berks SL6 2YG.	Syndicate Interest	12.6%	-
Baronsmead Venture Capital Limited Partnership Clerkenwell House 67 Clerkenwell Road London EC1R 5BH	Loan Stock	11.93%	-
JAFCO No. 3 Investment Enterprise Partnership Toshiba Building, 10th Floor 1-1-1 Shibaura, Minato-ku Tokyo 105 Japan	Units	17.1%	-

d) At 30 June 1994 there were financial commitments outstanding of £6.7 million (1993: £0.8 million) in respect of investments in partly paid shares and interests in venture funds.

PANTHEON INTERNATIONAL PARTICIPATIONS PLC

NOTES TO THE ACCOUNTS continued

8. DEBTORS	1994 £'000s	1993 £'000s
ACT (recoverable after more than one year)	-	21
Other debtors	359	3
Taxation	757	617
Due from brokers	174	89
	<u>1,290</u>	<u>730</u>

9. UNSECURED LOAN STOCK 1999	1994		1993	
	Loan Stock	Premium	Loan Stock	Premium
Balance at 1 July	6,812	688	11,353	1,147
Redemption December 1993	<u>(6,812)</u>	<u>(688)</u>	<u>(4,541)</u>	<u>(459)</u>
Balance at 30 June	<u>-</u>	<u>-</u>	<u>6,812</u>	<u>688</u>

A premium of 3% gross per annum (calculated on a simple basis) accrued on the principal amount outstanding of the loan stock until 30 June 1992. Interest at 3% per annum was payable from 1 July 1992 on the outstanding balance.

10. CALLED UP SHARE CAPITAL <i>Ordinary Shares of 50p each</i>	Authorised		Allotted and fully paid	
	£'000s	Number	£'000s	Number
Balance at 1 July 1993	20,000	40,000,000	7,305	14,609,557
Allotment of shares on 24 November 1993 on the exercise of warrants	-	-	1,179	2,357,746
Increase in authorised share capital on 14 January 1994	<u>6,000</u>	<u>12,000,000</u>	-	-
Balance at 30 June 1994	<u>26,000</u>	<u>52,000,000</u>	<u>8,484</u>	<u>16,967,303</u>

11. PAYMENT OF ACCOUNT OF CALLED UP SHARE CAPITAL	Number	£'000s
Issue of partly paid ordinary stock units on 14 January 1994	<u>16,967,303</u>	<u>13,574</u>
Balance at 30 June 1994	<u>16,967,303</u>	<u>13,574</u>

Ordinary stock units were issued at a price of 200p payable in three instalments. The first instalment of 80p was payable on application. A second instalment of 60p was payable on 8 July 1994 and the final instalment of 60p is payable on 10 January 1995.

The ordinary stock will constitute an unsecured, non-interest bearing obligation of the Company subordinate in right of payment to all other unsubordinated obligations of the Company, and is divided into units of 10p nominal value each.

When the ordinary stock units become fully paid they will automatically convert into new ordinary shares which will rank pari passu in all respects with the ordinary shares in issue at the time of conversion.

In the unlikely event that any ordinary stock is not converted prior to 31 December 1997 it will cease to be capable of conversion and will be repaid on that date at the nominal amount paid up and without repayment of any amount representing the premium paid.

PANTHEON INTERNATIONAL PARTICIPATIONS PLC

NOTES TO THE ACCOUNTS continued

12. SHARE PREMIUM

	1994	1993
	£'000s	£'000s
Balance at 1 July	6,493	6,490
Premium arising on issue of shares	1,179	3
Expenses of issue of ordinary stock units (including £9,000 paid to the Auditors)	(602)	-
Balance at 30 June	<u>7,070</u>	<u>6,493</u>

13. WARRANTS

There were 6,786,921 warrants outstanding at 30 June 1994 (30 June 1993: nil). Each warrant confers the right to subscribe for one ordinary share. The warrants are exercisable on 31 October in the years 1996 to 2001 at a subscription price of 250p.

These warrants were issued during the year as to 3,393,460 to existing Ordinary Shareholders as a scrip issue for nil consideration, and 3,393,461 to the subscribers for the ordinary stock units.

The previous issue of warrants expired on 24 November 1993 (30 June 1993: 2,391,000 warrants were outstanding).

14. CAPITAL RESERVE

	1994	1993
	£'000s	£'000s
Realised		
Balance at 1 July		
<i>Movement in year</i>	10,142	4,005
Gains less losses on listed fixed asset investments and currencies	2,398	1,482
Gains less losses on unlisted fixed asset investments	3,817	3,662
Management expenses (net of corporation tax relief of £42,000 1993: nil)	(547)	(507)
Discount on redemption of £6,812,000 convertible unsecured loan stock 1999	<u>1,875</u>	<u>1,500</u>
Unrealised	17,685	10,142
Gains less losses on listed fixed asset investments and currencies	707	1,210
Gains less losses on unlisted fixed asset investments	12,627	5,194
Gains on forward currency contracts	238	-
Balance at 30 June	<u>31,257</u>	<u>16,546</u>

15. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 1994 (1993 Nil)

PANTHEON INTERNATIONAL PARTICIPATIONS PLC

NOTES TO THE ACCOUNTS continued

<b>16 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>1994</b>	<b>1993</b>
	<b>£'000s</b>	<b>£'000s</b>
Income before interest payable and taxation	327	495
Increase/(decrease) in accrued income	1	(1)
(Increase) in other debtors	(65)	-
(Increase) in creditors	146	(11)
Tax on franked investment income	(19)	(49)
	<u>390</u>	<u>434</u>
<b>17. ANALYSIS OF CHANGES IN CASH AT BANK</b>	<b>1994</b>	<b>1993</b>
	<b>£'000s</b>	<b>£'000s</b>
Balance at 1 July	5,984	2,354
Net cash inflow/(outflow)	(5,473)	3,630
	<u>511</u>	<u>5,984</u>
<b>18. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR</b>	<b>£'000s</b>	<b>£'000s</b>
	<b>Share Capital &amp; Share Premium</b>	<b>Loan Stock</b>
Balance at 1 July 1993	13,798	6,812
Redemption of loan stock	-	(6,812)
Conversion of warrants	2,358	-
Expenses of issue of ordinary stock units	(602)	-
Payment on account of called-up share capital	13,574	-
	<u>29,128</u>	<u>Nil</u>
<b>19. RECONCILIATION OF SHAREHOLDERS' FUNDS</b>	<b>1994</b>	<b>1993</b>
	<b>£'000s</b>	<b>£'000s</b>
Total recognised gains	14,851	9,558
Dividends	(85)	(73)
Share issues	15,330	7
Increase in shareholders' funds	<u>30,096</u>	<u>9,492</u>
Opening shareholders' funds	<u>30,841</u>	<u>21,349</u>
	<u>60,937</u>	<u>30,841</u>

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Pantheon International Participations PLC will be held at The Farmers' & Fletchers' Hall, 3 Cloth Street, London EC1A 7LD on 30 November 1994 at 4.00 pm for the purpose of transacting the following business:

1. To receive and adopt the Directors' Report and Accounts for the year ended 30 June 1994.
2. To declare a dividend.
3. To re-elect the following as directors:- a) Mr L.G. Stopford Sackville  
b) Mr. J.P.A. Readman.
4. To re-appoint the Auditors and authorise the Directors to fix their remuneration.
5. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution.

THAT with effect from 1 July 1994 and until such time as the Company may by ordinary resolution increase the same, the maximum aggregate fees which may be paid to the directors of the Company pursuant to Article 1(E) of the Articles of Association of the Company shall be increased from £62,500 per annum to £100,000 per annum.

6. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution.

THAT:-

(A) the Directors be and are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities up to but not exceeding an aggregate nominal amount of £2,827,883 provided that this authority shall (unless previously renewed, revoked or varied by the Company in general meeting) expire at the conclusion of the period commencing with the date hereof and expiring at the conclusion of the Annual General Meeting next following the passing of this Resolution or the date occurring fifteen months from the date hereof, whichever is the earlier ("the period of authority") save that the Company may before the expiry of the period of authority make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired and all other unexercised authorities granted to the Directors pursuant to Section 80 of the Act be and are hereby revoked; and

(B) words and expressions defined in or for the purposes of the Act shall bear the same meaning in this Resolution.

7. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution.

THAT:-

(A) subject to the passing of the Resolution numbered 6 above the Directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities for cash pursuant to the general authority conferred upon them under Resolution numbered 6 above as if Section 89(1) of the Act did not apply to any such allotment and so that the power conferred by this Resolution 7 shall enable the Company to make any offer or agreement before the expiry of the period of authority as defined in Resolution 6 which would or might require equity securities to be allotted after the expiry of such period and so that notwithstanding such expiry the Directors may allot equity securities pursuant to any such offer or agreement previously made by the Company as if the power conferred hereby had not expired provided however that the power conferred by this Resolution 7 shall:-

NOTICE OF MEETING continued

(a) be limited:-

- (i) to the allotment of equity securities in connection with or pursuant to any arrangement whereby the holders of shares at a record date or dates adopted for the purposes of the arrangement are entitled to acquire any shares of the Company issued for cash pursuant to such arrangement, in the proportion (as nearly as may be) to such holders' holdings of shares (or, as appropriate, to the numbers of such shares which such holders are for this purpose deemed to hold) subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements, statutory restrictions or legal or practical problems under or resulting from the apparent application or application of the laws of any territory or the requirements of any recognised regulatory body or stock exchange in any territory; and
- (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities having an aggregate nominal value not exceeding £424,182 being 5% of the issued ordinary share capital shown by the latest published audited financial statements of the Company; and

(b) expire at the conclusion of the period of authority (as defined in Resolution numbered 6), except to the extent that the same is renewed or extended on or before that date; and

(B) words and expressions defined in or for the purposes of the Act shall bear the same meaning in this Resolution.

Dated 28 October 1994

Alban Gate  
14th Floor  
125 London Wall  
London EC2Y 5AS

By Order of the Board  
A.B. Powley  
Secretary

Notes

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not also be a member of the Company. A proxy card is enclosed with this document.
2. The Register of Directors' Interests is available for inspection at the Company's registered office during normal business hours on any weekday.
3. There are no contracts of service in existence between the Directors and the Company.
4. There will be available for inspection at the registered office of the Company during usual business hours (Saturdays, Sundays and Public Holidays excepted) from the date of this Notice until the time of the Annual General Meeting on 30 November 1994 a copy of the London Stock Exchange Guidelines regarding the allotment of shares for cash.

If the ordinary dividend recommended is approved, the dividend will be payable on 1 December 1994.