

ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

Registered No.2450886

DIRECTORS

L T Anthony (Chairman)
N W Bannister
J Stolker

SECRETARY

R C Price

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London
EC4A 1NH

REGISTERED OFFICE

4 Broadgate
London
EC2M 7LE



ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 1997.

CHANGE OF NAME

With effect from 9 March 1998, the company changed its name to ABN AMRO Development Capital (UK) Limited.

RESULTS AND DIVIDENDS

The results of the group are as follows:

	<i>Year ended 31 December 1997 £</i>	<i>9 months ended 31 December 1996 £</i>
Retained profit at beginning of year/period	4,055,801	4,552,481
Profit for the year/period	1,638,208	2,142,530
Interim dividend	-	-
Premium on buy back of own shares	-	(2,639,210)
Retained profit at end of year/period	<u>5,694,009</u>	<u>4,055,801</u>

The directors do not recommend payment of a final dividend.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company's principal activity is that of a holding company.

The group provides investment advice and development capital to small and medium sized companies. Development capital is supplied through funds, managed or advised mainly on behalf of institutional investors, which specialise in investment in unquoted and smaller quoted companies in the United Kingdom. Funds managed or advised by the group as at 31 December 1997 totalled approximately £374 million.

A further active year is expected.

DIRECTORS AND THEIR INTERESTS

The directors who were in office during the year and their interests in the share capital of the company are as follows:

	<i>£1 ordinary shares at 31 December 1997</i>	<i>£1 ordinary shares at 31 December 1996</i>
L T Anthony	-	-
N W Bannister	1	1
D Secker Walker (resigned 30 June 1997)	-	-
J Stolker	-	-

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

Any interests of directors of the parent company in the shares of the parent company are disclosed in the financial statements of that company.

FIXED ASSETS

Information relating to changes in tangible fixed assets is given in note 8 to the financial statements.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



R C Price
Secretary

24 April 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
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 group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of ABN AMRO Development Capital (UK) Limited (formerly ABN AMRO Causeway Group Limited)

We have audited the financial statements on pages 6 to 23, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

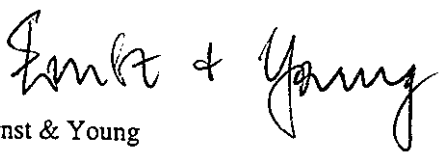
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 and of the group as at 31 December 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

24 April 1998

ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1997

	Notes	Year ended 31 December 1997 £	9 months ended 31 December 1996 £
TURNOVER		5,295,233	4,040,441
Operating expenses	3	(3,624,138)	(2,634,935)
OPERATING PROFIT		1,671,095	1,405,506
Investment income	4	628,940	1,914,857
Amount written off investment	9	-	(81,728)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	2,300,035	3,238,635
Tax on profit on ordinary activities	7	(661,827)	(987,629)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,638,208	2,251,006
Minority interests		-	(108,476)
PROFIT FOR THE FINANCIAL YEAR/PERIOD	16	1,638,208	2,142,530
Premium on buy back of own shares	15	-	(2,639,210)
RETAINED PROFIT/(LOSS) FOR THE YEAR/PERIOD		1,638,208	(496,680)
RETAINED PROFIT BROUGHT FORWARD		4,055,801	4,552,481
RETAINED PROFIT CARRIED FORWARD		5,694,009	4,055,801

All turnover and profits arose from continuing activities.

A statement of movement in reserves is given in note 16.

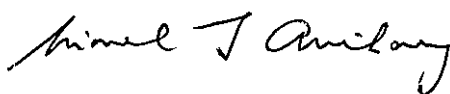
ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

CONSOLIDATED BALANCE SHEET
as at 31 December 1997

		31 December 1997	31 December 1996
	Notes	£	£
FIXED ASSETS			
Tangible assets	8	53,107	118,245
Investments	9	197,038	258,844
		<u>250,145</u>	<u>377,089</u>
CURRENT ASSETS			
Debtors	10	626,231	1,109,560
Investments	11	1,018,512	990,828
Cash at bank and in hand		8,763,488	4,666,892
		<u>10,408,231</u>	<u>6,767,280</u>
CREDITORS: amounts falling due within one year	12	(4,538,192)	(2,344,343)
NET CURRENT ASSETS		<u>5,870,039</u>	<u>4,422,937</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,120,184</u>	<u>4,800,026</u>
CREDITORS: amounts falling due after more than one year	13	(9,621)	-
PROVISIONS FOR LIABILITIES AND CHARGES	14	(64,966)	(392,637)
NET ASSETS		<u>6,045,597</u>	<u>4,407,389</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15 & 16	61,082	61,082
Share premium account	16	215,315	215,315
Capital redemption reserve	16	20,982	20,982
Merger reserve	16	54,209	54,209
Profit and loss account	16	5,694,009	4,055,801
SHAREHOLDERS' FUNDS (equity)		<u>6,045,597</u>	<u>4,407,389</u>

Signed on behalf of the Board on 24 April 1998

Lionel T Anthony
Director



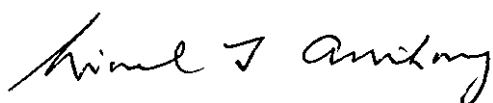
ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

BALANCE SHEET
as at 31 December 1997

		31 December 1997	31 December 1996
	Notes	£	£
FIXED ASSETS			
Investments	9	4,070,484	3,194,339
CURRENT ASSETS			
Debtors	10	2,359,501	1,487,054
CREDITORS: amounts falling due within one year	12	(384,388)	(274,004)
NET CURRENT ASSETS		1,975,113	1,213,050
NET ASSETS		6,045,597	4,407,389
CAPITAL AND RESERVES			
Called-up equity share capital	15 & 16	61,082	61,082
Share premium account	16	215,315	215,315
Capital redemption reserve	16	20,982	20,982
Revaluation reserve	16	3,784,880	2,890,488
Profit and loss account	16	1,963,338	1,219,522
SHAREHOLDERS' FUNDS (equity)		6,045,597	4,407,389

Signed on behalf of the Board on 24 April 1998

Lionel T Anthony
Director



ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 1997

GROUP

There are no recognised gains and losses other than the profit on ordinary activities after taxation of £1,638,208 in the year ended 31 December 1997 and £2,251,006 in the period ended 31 December 1996.

COMPANY

		<i>Year ended 31 December 1997</i>	<i>9 months ended 31 December 1996</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Profit for the financial year/period	16	743,816	3,052,313
Revaluation of investment in subsidiaries	9	894,392	(909,783)
Total recognised gains and losses related to the year/period		<u>1,638,208</u>	<u>2,142,530</u>

ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 1997

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding period, are set out below:

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with applicable accounting standards.

Basis of consolidation

The group financial statements consolidate the financial statements of ABN AMRO Development Capital (UK) Limited and all its subsidiary undertakings made up to 31 December 1997.

In the company's financial statements, investments in subsidiary undertakings are stated at cost (less amounts written off) plus the group's share of the post-acquisition retained profit and reserves of the subsidiary undertakings with a corresponding credit to the revaluation reserve. The directors consider that this policy more fairly reflects the company's investments than carrying them at cost. Only dividends received and receivable are credited to the company's profit and loss account.

No profit and loss account is presented for ABN AMRO Development Capital (UK) Limited as provided by Section 230 of the Companies Act 1985. The company's profit for the financial year, determined in accordance with the Act, is disclosed in note 16.

Tangible fixed assets

All tangible fixed assets are stated at cost, less accumulated depreciation.

Depreciation is provided for at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

Leasehold improvements	-	over the remaining term of the lease
Office equipment	-	4 - 8 years
Motor vehicles	-	4 years
Computer equipment	-	2 years

Fixed asset investments

Fixed asset investments are shown at cost except where, in the opinion of the directors, market value differs materially from cost, when an upward revaluation or provision is made as appropriate.

Current asset investments

Investments held as current assets are stated in the balance sheet at redemption value. The difference between cost and redemption value is amortised over the year to maturity. If sold before maturity, the difference between the proceeds and the amortised value is taken to the profit and loss account in the year of realisation.

Turnover

Turnover comprises the value of fee income (excluding value added tax and intra-group transactions) from the provision of investment and financial advice and is recognised on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 1997

1. ACCOUNTING POLICIES (continued)

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable is provided on dividends paid or provided for in the year and is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off and recovered against corporation tax liabilities in previous years.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings.

Deferred taxation (which arises from differences in timing of the recognition of items, principally depreciation, in the financial statements and by the tax authorities) is calculated under the liability method. Deferred tax liabilities are provided for at current rates on timing differences which are expected to reverse in the foreseeable future. Deferred tax assets are not recognised in the financial statements.

Pension costs

It is the general policy of the group to provide for pension liabilities on a going concern basis on the advice of external actuaries. Independent actuarial valuations on a going concern basis are carried out every three years. The amount charged to the profit and loss account is calculated so as to produce a substantially level percentage of the current and future pensionable payroll. Variations from regular cost are allocated to the profit and loss account on a prudent basis over a year not exceeding employees' average remaining service lives. Further information is given in note 18.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on the same basis. Commitments under operating leases are given in note 17.

Revaluation reserve

Surpluses/deficits arising on the revaluation of individual fixed asset investments are credited/debited to a non-distributable revaluation reserve (see note 16). Revaluation deficits in excess of the amount of prior revaluation surpluses on the same asset are charged to the profit and loss account. On the disposal of a revalued fixed asset, any remaining revaluation surplus corresponding to the item is also transferred to the profit and loss account as a movement in reserves.

Cash Flow Statements

The company has not produced a cash flow statement, as it has taken advantage of the exemption granted by Financial Reporting Standard No. 1 for wholly owned subsidiary undertakings of a parent company. The company's ultimate parent undertaking is ABN AMRO Holding N.V., a company registered in The Netherlands, whose consolidated financial statements include a consolidated cash flow statement dealing with the cash flows of the group.

Fund start-up costs

Placing fees incurred by group companies in relation to the establishment of development capital funds are amortised over the life of the fund in question and charged to the profit and loss account.

ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 1997

2. SEGMENTAL INFORMATION

The group has one class of business. Contributions to group turnover and profit on ordinary activities before taxation are as follows:

By geographical area:

	<i>Year ended 31 December 1997 £</i>	<i>9 months ended 31 December 1996 £</i>
Turnover		
United Kingdom	306,886	218,986
Channel Islands	4,988,347	3,821,455
	<u>5,295,233</u>	<u>4,040,441</u>
Profit on ordinary activities before taxation		
United Kingdom	2,144,459	2,478,534
Channel Islands	155,576	760,101
	<u>2,300,035</u>	<u>3,238,635</u>
Net assets		
United Kingdom	5,430,866	2,771,023
Channel Islands	614,731	1,636,366
	<u>6,045,597</u>	<u>4,407,389</u>

3. OPERATING EXPENSES

	<i>Year ended 31 December 1997 £</i>	<i>9 months ended 31 December 1996 £</i>
Administrative expenses	3,629,138	2,671,391
Rental income	(5,000)	(36,456)
Operating expenses	<u>3,624,138</u>	<u>2,634,935</u>

ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 1997

4. INVESTMENT INCOME

	<i>Year ended 31 December 1997 £</i>	<i>9 months ended 31 December 1996 £</i>
Investment income comprises:		
- interest receivable and similar income	471,791	264,757
- dividends received	10,893	123,127
- gain on realisation of investments	146,256	1,526,973
	<u>628,940</u>	<u>1,914,857</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<i>Year ended 31 December 1997 £</i>	<i>9 months ended 31 December 1996 £</i>
Management charges from group undertakings	2,354,378	449,563
Depreciation of tangible fixed assets	60,824	52,003
Auditors' remuneration		
- audit fees	37,230	37,634
- other services	-	14,475
Operating lease rentals		
- land and buildings	173,470	275,906
Profit on sale of tangible fixed assets	<u>12,368</u>	<u>2,370</u>

ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 1997

6. EMPLOYEES

	<i>Year ended 31 December 1997</i>	<i>9 months ended 31 December 1996</i>
	<i>£</i>	<i>£</i>
Staff costs (including executive directors)		
Salaries and wages	32,139	1,001,140
Social security costs	3,665	101,251
Pension costs	152,275	142,516
	<u>188,079</u>	<u>1,244,907</u>

Since 23 September 1996, all staff have been employed by and most related costs have been paid by ABN AMRO Management Services Limited. Such costs are included in the management charge shown in note 5. The comparative figures have been restated accordingly.

Of the staff costs included in the management charge in note 5, the directors of the company received the following remuneration:

	<i>Year ended 31 December 1997</i>	<i>9 months ended 31 December 1996</i>
	<i>£</i>	<i>£</i>
Emoluments	<u>348,594</u>	<u>666,535</u>
	<i>No.</i>	<i>No.</i>
Members of defined benefit pension schemes	<u>1</u>	<u>2</u>
The amounts paid in respect of the highest paid director are as follows:		
	<i>£</i>	<i>£</i>
Highest paid director	<u>250,976</u>	<u>168,474</u>

In respect of the defined benefit scheme of which the director is a member, the accrued pension entitlement at the end of the year amounted to £55,082.

ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 1997

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and comprises:

	Year ended 31 December 1997 £	9 months ended 31 December 1996 £
UK corporation tax at 31%/33% (1996 - 33%)	995,553	913,571
Tax credit on franked investment income	1,229	-
Adjustment of provision in respect of prior years	(5,617)	(58,298)
Overseas taxation	(1,667)	49,275
Deferred taxation (see note 16)	(327,671)	83,081
	<u>661,827</u>	<u>987,629</u>

8. TANGIBLE FIXED ASSETS

Group	Motor vehicles £	Leasehold improvements £	Office and computer equipment £	Total £
Cost:				
At 31 December 1996	150,811	156,455	232,610	539,876
Additions	-	-	20,830	20,830
Disposals	(61,301)	-	(35,764)	(97,065)
At 31 December 1997	<u>89,510</u>	<u>156,455</u>	<u>217,676</u>	<u>463,641</u>
Depreciation:				
At 31 December 1996	75,913	152,668	193,050	421,631
Charge	26,571	3,787	30,466	60,824
Disposals	(36,675)	-	(35,246)	(71,921)
At 31 December 1997	<u>65,809</u>	<u>156,455</u>	<u>188,270</u>	<u>410,534</u>
Net book value:				
At 31 December 1997	<u>23,701</u>	<u>-</u>	<u>29,406</u>	<u>53,107</u>
At 31 December 1996	<u>74,898</u>	<u>3,787</u>	<u>39,560</u>	<u>118,245</u>

The company has no tangible fixed assets.

ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 1997

9. FIXED ASSETS INVESTMENTS

	<i>Group</i> <i>1997</i> £	<i>Group</i> <i>1996</i> £	<i>Company</i> <i>1997</i> £	<i>Company</i> <i>1996</i> £
Subsidiary undertakings	-	-	4,070,484	3,194,339
Unlisted investments	197,038	258,844	-	-
Purchase entitlements	-	-	-	-
	<u>197,038</u>	<u>258,844</u>	<u>4,070,484</u>	<u>3,194,339</u>

a) Subsidiary undertakings continued

As at 31 December 1997 the company had the following subsidiary undertakings and owned the proportion of the equity capital shown.

Trading companies

Activities

ABN AMRO Private Equity (UK) Limited	100%)	Development capital
ABN AMRO Development Capital (Guernsey) Limited	100%)	and financial advice.
ABN AMRO Quoted Investments (UK) Limited	100%)	
ABN AMRO Mezzanine (UK) Limited	100%)	

Dormant company

Causeway Development Limited	100%
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The following subsidiary undertakings have been dissolved pursuant to Section 652A of the Companies Act 1985.

Non trading company

Causeway Finance Limited

Dormant companies

Causeway Corporate Finance Limited
Causeway Developments Limited
Causeway Asset Management Limited
Causeway Property Management Limited
Causeway Invoice Discounting Company Limited (formerly Causeway Portfolio Limited)
Causeway Acceptances Limited

All subsidiary undertakings are registered in England and Wales, except ABN AMRO Development Capital (Guernsey) Limited, which is incorporated in Guernsey. All subsidiary undertakings operate in the United Kingdom except for ABN AMRO Development Capital (Guernsey) Limited which operates in its country of incorporation.

ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 1997

9. FIXED ASSETS INVESTMENTS (continued)

a) Subsidiary undertakings (continued)

Investment in subsidiary undertakings

	<i>Company 1997 £</i>	<i>Company 1996 £</i>
Cost:		
At beginning of year/period	303,851	293,197
Additions at cost	195,000	10,654
Disposals at cost	(213,247)	-
At end of year/period	285,604	303,851
Revaluation surplus:		
At Beginning of year/period	2,890,488	3,800,271
Revaluation	989,303	(909,783)
Disposals	(94,911)	-
At end of year/period	3,784,880	2,890,488
Net book value:		
At beginning of year/period	3,194,339	4,093,468
At end of year/period	4,070,484	3,194,339

b) Unlisted investments:

	<i>Group 1997 £</i>	<i>Group 1996 £</i>	<i>Company 1997 £</i>	<i>Company 1996 £</i>
Cost:				
At beginning of year/period	353,232	608,804	4,720	98,470
Additions	-	34,829	-	-
Disposals	(61,806)	(290,401)	-	(93,750)
At end of year/period	291,426	353,232	4,720	4,720
Provision:				
At beginning of year/period	94,388	12,660	4,720	4,720
Amount written off	-	81,728	-	-
Disposals	-	-	-	-
At end of year/period	94,388	94,388	4,720	4,720
Net book value:				
At end of year/period	197,038	258,844	-	-
At beginning of year/period	258,844	596,144	-	93,750

ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 1997

9. **FIXED ASSETS INVESTMENTS** (continued)

The book value of the other investments is at the lower of cost and the directors' estimate of realisable value.

c) Purchase entitlements:

	<i>Group 1997 £</i>	<i>Group 1996 £</i>
At beginning of year/period	-	5
Write-offs	-	(5)
At end of year/period	-	-

Under the terms of the Trust Deeds constituting The Causeway Development Capital Fund and The Second Causeway Development Capital Fund, group undertakings were, at the balance sheet date, entitled to purchase at cost certain securities from the Funds. The realisations of shares arising from the exercise of such purchase entitlements in both Funds remains subject to certain conditions. The directors consider that a nominal value of £1 should be recorded in the balance sheet in respect of each company to which a purchase entitlement (in respect of each Fund) applies, except in those cases where, in the opinion of the directors, no value attaches to the purchase entitlement.

10. **DEBTORS**

	<i>Group 1997 £</i>	<i>Group 1996 £</i>	<i>Company 1997 £</i>	<i>Company 1996 £</i>
Amounts falling due within one year:				
Trade debtors	141,543	105,029	-	-
Amounts owed by group undertakings	-	-	2,358,415	1,477,948
Prepayments and accrued income	279,373	221,533	-	-
ACT recoverable	4,602	643,519	1,086	9,106
VAT recoverable	10,446	735	-	-
Other debtors	34,110	15,662	-	-
Group relief	32,065	16,914	-	-
	502,139	1,003,392	2,359,501	1,487,054
Amounts falling due after more than one year:				
Fund start up cost - amortised	124,092	106,168	-	-
	626,231	1,109,560	2,359,501	1,487,054

ABN AMRO Development Capital (UK) Limited
(formerly ABN AMRO Causeway Group Limited)

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 1997

11. CURRENT ASSETS INVESTMENTS

	1997 £	1996 £
Listed:		
UK short dated government security	-	990,828
Unlisted:		
Other investment	1,018,512	-
	<u>1,018,512</u>	<u>990,828</u>

Market value of listed investments at 31 December 1996 - £962,651.

12. CREDITORS: amounts falling due within one year

	Group 1997 £	Group 1996 £	Company 1997 £	Company 1996 £
Trade creditors	86,626	30,047	-	-
Amounts owed to group undertakings	2,990,475	454,299	962	63,591
PAYE and social security	2,532	4,500	-	-
UK corporation tax payable	1,084,448	1,464,861	378,426	178,443
Overseas taxation	-	68,537	-	-
Accruals and other creditors	231,227	162,846	5,000	31,970
Deferred income	142,884	145,188	-	-
Dividends payable	-	14,065	-	-
	<u>4,538,192</u>	<u>2,344,343</u>	<u>384,388</u>	<u>274,004</u>

13. CREDITORS: amounts falling due after more than one year

	Group 1997 £	Group 1996 £
Overseas taxation	9,621	-

The company has no creditors falling due after more than one year.

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14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax has been provided to the extent that the directors have concluded on the basis of reasonable assumptions and the intentions of management, that it is probable that a liability will crystallise.

	Group 1997 £	Group 1996 £
Taxation on unremitted profit from overseas subsidiary undertakings	64,966	392,637
Movement on the deferred taxation provision is as follows:		
At beginning of year	392,637	309,556
Charged to profit and loss account (see note 7)	(327,671)	83,081
At end of year	64,966	392,637

The directors regard the group as an integral whole, and as a consequence there is no intention to sell any subsidiary undertakings. Accordingly, no deferred taxation, which would otherwise arise at the prevailing rate on any gain on disposal, has been provided for in the revaluation reserve. Otherwise, deferred tax has been provided in full.

15. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised:		
Ordinary shares of £1 each	94,246	94,246
"B" shares of £1 each	5,754	5,754
	100,000	100,000
Allotted, called-up and fully paid		
Ordinary shares of £1 each	55,328	55,328
"B" shares of £1 each	5,754	5,754
	61,082	61,082

On 23 September 1996 the company was acquired by ABN AMRO Equities Holdings (UK) Limited and the following share transactions took place:

- (i) 2,860 ordinary shares were fully paid up at the rate of £40 per share;
- (ii) The company purchased and then cancelled 8,182 of its £1 ordinary shares at a cost of £2,647,392 (£322.56 per share) resulting in a premium on buy back of shares of £2,639,210.
- (iii) The company acquired 2,500 £1 ordinary shares in ABN AMRO Quoted Investments (UK) Limited for consideration of £1,841,280 satisfied by the issue of 5,754 "B" ordinary shares of £1 each in ABN AMRO Development Capital (UK) Limited.

The "B" ordinary shares rank pari passu in all respects with the ordinary shares of the company except that holders of the "B" shares will not be entitled to participate in any proceeds of any disposal by the company or any of its subsidiaries of any holding of shares in any company held pursuant to purchase entitlements in respect of the First and Second Causeway Development Capital Funds.

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16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

<i>Group</i>	<i>Called-up share capital £</i>	<i>Share premium account £</i>	<i>Capital redemption reserve £</i>	<i>Merger reserve £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 31 December 1996	61,082	215,315	20,982	54,209	4,055,801	4,407,389
Profit for the year	-	-	-	-	1,638,208	1,638,208
At 31 December 1997	61,082	215,315	20,982	54,209	5,694,009	6,045,597

<i>Company</i>	<i>Called-up share capital £</i>	<i>Share premium account £</i>	<i>Capital redemption reserve £</i>	<i>Revaluation reserve £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 31 December 1996	61,082	215,315	20,982	2,890,488	1,219,522	4,407,389
Profit for the year	-	-	-	-	743,816	743,816
Revaluation of investments in subsidiary undertakings	-	-	-	894,392	-	894,392
At 31 December 1997	61,082	215,315	20,982	3,784,880	1,963,338	6,045,597

Of the total reserves shown in the balance sheet the following amounts are regarded as distributable and non distributable:

	<i>Group 31 December 1997 £</i>	<i>Group 31 December 1996 £</i>	<i>Company 31 December 1997 £</i>	<i>Company 31 December 1996 £</i>
Distributable:				
Profit and loss account	5,694,009	4,055,801	1,963,338	1,219,522
Non-Distributable:				
Capital redemption reserve	20,982	20,982	20,982	20,982
Share premium account	215,315	215,315	215,315	215,315
Merger reserve	54,209	54,209	-	-
Revaluation reserve	-	-	3,784,880	2,890,488
	5,984,515	4,346,307	5,984,515	4,346,307

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17. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

At the end of the year there were no capital commitments (1996 - £nil).

b) Lease commitments

The company has annual commitments under an operating lease. On 22 October 1996 the existing lease was cancelled and replaced by a 10 year lease with a commencing annual rental of £171,600, rising to £195,000 by 2001 when a formal rent review will take place.

c) Loan commitment

On 6 December 1996 the company made available to its subsidiary company, ABN AMRO Mezzanine (UK) Limited, a subordinated loan of £60,000. This was increased to £100,000 on 27 May 1997. The balance drawn down at 31 December 1997 was £100,000 (1996 - £nil).

18. PENSION ARRANGEMENTS

The company participates in a defined benefit non-contributory pension scheme operated by ABN AMRO Development Capital (UK) Limited ("The ABN AMRO Causeway Pension Scheme"), of which one current employee is a member.

An actuarial valuation of The ABN AMRO Causeway Pension Scheme is carried out by an external actuary every three years. The actuarial methods used are the discontinuance valuation test for valuing accrued rights and the aggregate valuation method for valuing prospective rights. The latest actuarial valuation was at 1 April 1997 and the main actuarial assumptions used were:

Investment return	7.0% p.a.
Earnings increase	3.0% p.a.
Increases to pensions in payment	5.0% p.a.

The 1 April 1997 valuation of The ABN AMRO Causeway Pension Scheme calculated the market value of scheme assets at £2,144,000. This figure is marginally above the level required to fully meet past service liabilities amounting to £2,122,000.

The Trustees, following consultation with the Actuary, have decided to maintain the current funding rate at 23.5% of pensionable salary.

Since the acquisition of the company by ABN AMRO Holding N.V. through its UK subsidiary, ABN AMRO Equities Holdings (UK) Limited, employees are eligible for membership of the Hoare Govett Limited Pension Scheme. A number of employees are members of this scheme and disclosures in connection with these pension arrangements are made in the accounts of ABN AMRO Equities Holdings (UK) Limited.

Certain other employees have personal pension arrangements to which the employer contributes.

The amount charged in the profit and loss account for pension costs as shown in note 6 were for regular cost, in connection with defined benefit arrangements, and contributions paid on behalf of a number of executives in connection with defined contribution arrangements.

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19. TRANSACTIONS WITH RELATED PARTIES

Advantage has been taken of the exemption from the requirement to disclose transactions with group undertakings.

Subsidiary undertakings have investment management agreements with The Causeway Development Capital Fund, The Second, Third and Fourth Causeway Development Capital Funds, The Causeway Smaller Quoted Companies Fund, The Second Causeway Smaller Quoted Companies Fund and the ABN AMRO Causeway Mezzanine Partnership LP. Fee income from these funds amounted to £4,954,847 for the year. Amounts owed by and to the funds at 31 December 1997 were £144,320 and £110,411 respectively. No amounts have been written off.

20. ULTIMATE PARENT COMPANY

The ultimate parent company is ABN AMRO Holding N.V., a company registered in The Netherlands. ABN AMRO Holding N.V. is the parent undertaking of the group of undertakings for which group accounts are prepared and of which the company is a member. Copies of the accounts of ABN AMRO Holding N.V. can be obtained from the company's registered office.

21. CHANGE OF ACCOUNTING REFERENCE DATE

During the previous period the company and its subsidiaries changed their accounting reference date from 31 March to 31 December in order to be consistent with that of the parent company. Accordingly, the financial statements have been prepared for the year ended 31 December 1997 and the comparative figures relate to the 9 months ended 31 December 1996.