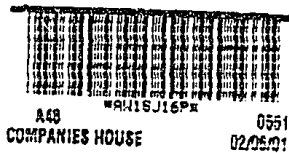


07-06-01

Company's Registered Number: 457763

FREDART LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2000



Ref: G:\WORD\STAT2000\FREDART

PREDART LIMITEDREPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company for the year ended 31st December 2000.

Review of the business and future developments

The company has not traded during the year but received interest on part of the amount owed by the parent company with effect from 1st January 1998. The interest received in 2000 is in respect of the past three years. Future receipts will represent the current year. The directors do not expect the company to trade in the foreseeable future.

The company acts as agent for Cape Industrial Services Limited (company number 3337119 registered in England and Wales) receiving no income and incurring no expense. The costs of administration were borne by the parent company.

Dividends and transfer to reserves

The directors have paid a dividend of £1,100,000 (1999: £NIL).

Directors and directors' interests

The following persons served as directors during the year:

M G Pitt-Payne (resigned 30.4.2000)
M T Reynolds
S H Smith
I R Widdowson

The directors had no beneficial interests in the shares of the company and were not remunerated for their services.

None of the directors held a beneficial interest in the ordinary 25p shares of the holding company, Cape PLC.

The share options held by directors of the company in the ordinary 25p shares of the holding company, Cape PLC, are shown below:

Directors/Schemes	Date of grant	Earliest exercise date	Expiry date	Exercise price	At 31.12.99	At 31.12.00
<u>M T Reynolds</u>						
Executive Scheme	5.4.96	1.1.01	5.4.06	£1.670	15,000	15,000
Executive Scheme	2.7.96	2.7.01	2.7.06	£1.535	25,000	25,000
Savings Related Scheme	7.5.99	1.7.04	1.1.05	£0.680	2,779	2,779
<u>S H Smith</u>						
Executive Scheme	2.7.96	2.7.01	2.7.06	£1.535	20,000	20,000
<u>I R Widdowson</u>						
Executive Scheme	2.7.96	2.7.01	2.7.06	£1.535	20,000	20,000

No options were granted, exercised or lapsed during the year.

PREDART LIMITED

REPORT OF THE DIRECTORS (continued)

Statement of directors' responsibilities

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 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Subsequent events

The directors have obtained written confirmation from the bankers that the company will obtain uncommitted facilities to meet its forecast requirements for the period to 30th June 2002. Security will be given over the UK assets of the company. The facilities are subject to finalisation of the legal documentation in respect of the security being provided.

Auditors

The auditors PricewaterhouseCoopers have indicated their willingness to continue in office and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their re-appointment will be put to the Annual General Meeting.

By Order of the Board


S H Smith
Secretary

Iver Lane
Uxbridge
21st March 2001

PREDART LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF PREDART LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

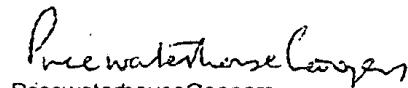
Basis of audit opinion

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 31st December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
West London
21st March 2001

PREDART LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 2000

	Note	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
Interest receivable	2	202	-
Profit on ordinary activities before taxation	3	202	-
Tax on profit on ordinary activities	4	(61)	-
Profit on ordinary activities after taxation		141	-
Dividend paid		(1,100)	-
Loss for the year		(959)	-

The results above all relate to continuing operations

There is no difference between the profit on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

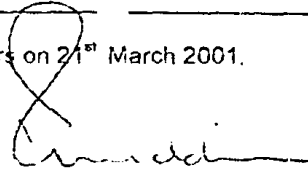
Movements in reserves are set out in note 9 on page 10.

The notes on pages 8 to 11 form part of these financial statements.

PREDART LIMITEDBALANCE SHEETAT 31ST DECEMBER 2000

	Note	<u>2000</u> £000	<u>1999</u> £000
Debtors: Amounts falling due after more than one year	5	1,975	2,873
Creditors: Amounts falling due within one year	6	(61)	-
Net assets		1,914	2,873
Capital and reserves			
Equity:			
Called up share capital	8	414	414
Share premium reserve	9	223	223
Other reserves	9	561	561
Profit and loss account	9	716	1,675
Shareholders' funds		1,914	2,873

The financial statements were approved by the Board of Directors on 21st March 2001.


I R WIDDOWSON
Director

The notes on pages 8 to 11 form part of these financial statements.

PREDART LIMITED

YEAR ENDED 31ST DECEMBER 2000

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER 2000

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
Profit on ordinary activities after taxation	141	-
Currency translation differences on foreign currency net debtors	-	9
	<hr/>	<hr/>
Total recognised gains relating to the year	141	9

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 2000

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
Profit on ordinary activities after taxation	141	-
Dividend paid	(1,100)	-
	<hr/>	<hr/>
	(959)	-
Currency translation differences on foreign currency net debtors	-	9
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(959)	9
Shareholders' funds at 1 st January	2,873	2,864
	<hr/>	<hr/>
Shareholders' funds at 31 st December	1,914	2,873

PREDART LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST DECEMBER 2000

1. Accounting policies

a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

b) Foreign currencies

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet dates. Profits and losses of overseas branches are translated into sterling at the average rates of exchange during the year. The differences arising from the translation of net interests in overseas branches are dealt with through reserves as are differences between profits translated at average and closing rates.

c) Deferred taxation

Provision is made for deferred taxation on the liability method in respect of timing differences to the extent that it is probable that an actual liability will crystallise.

2. Interest receivable

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
Interest receivable from parent company	<u>202</u>	<u>-</u>

3. Profit on ordinary activities before taxation

The auditors' remuneration for 2000 and 1999 was borne by the parent company. All expenses incurred by the company have been borne by the parent company. There were no employees of the company during the year (1999: NIL). The directors were not remunerated for their services to the company during the year (1999: £NIL).

4. Tax on profit on ordinary activities

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
UK Corporation tax at 30% (1999: 30.25%)	<u>61</u>	<u>-</u>

PREDART LIMITEDNOTES TO THE FINANCIAL STATEMENTS (continued)31ST DECEMBER 20005. Debtors

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
Amounts owed by parent company	<u>1,975</u>	<u>2,873</u>

The amounts owed by parent company will be repaid as and when agreed between the applicable parties. £1,232,000 (1999: £1,163,000) of the amounts owed bear interest at the average £ Sterling LIBOR interest rate for the year.

6. Creditors: Amounts falling due within one year

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
UK Corporation tax payable	<u>61</u>	<u>-</u>

7. Deferred tax

There is no potential liability to deferred taxation arising on timing differences between the treatment of items for accounts and taxation purposes at 31st December 2000 (1999: £NIL).

8. Share capital

	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
Authorised:		
2,000,000 ordinary shares of 25p each	<u>500</u>	<u>500</u>
Called up, fully paid and allotted:		
1,656,000 ordinary shares of 25p each	<u>414</u>	<u>414</u>

PREDART LIMITEDNOTES TO THE FINANCIAL STATEMENTS (continued)31ST DECEMBER 19999. Reserves

	Share premium <u>reserve</u> £000	Other <u>reserves</u> £000	Profit and loss <u>account</u> £000	<u>Total</u> £000
At 1 st January 2000	223	561	1,675	2,459
Loss for the year	-	-	(959)	(959)
At 31 st December 2000	223	561	716	1,500

10. Cash flow statement

Since the company is a wholly owned subsidiary and the cash flows of the company are included in the consolidated cash flow statement of Cape PLC, the company is exempt under the terms of Financial Reporting Standard No.1 (Revised) from publishing a cash flow statement.

11. Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard No.8 not to disclose related party transactions with 90 per cent or greater owned group companies.

12. Contingent liability

Under a group registration, the company is jointly and severally liable for Value Added Tax due by the parent company. At 31st December 2000 this contingent liability amounted to £2,246,413 (1999: £1,901,646).

The company has undertaken together with certain UK undertakings within the Cape group to give joint and several banking guarantees in respect of any amounts due to the Bank from the company and other group undertakings.

13. Subsequent events

The directors have obtained written confirmation from the bankers that the company will obtain uncommitted facilities to meet its forecast requirements for the period to 30th June 2002. Security will be given over the UK assets of the company. The facilities are subject to finalisation of the legal documentation in respect of the security being provided.

PREDART LIMITEDNOTES TO THE FINANCIAL STATEMENTS (continued)31ST DECEMBER 199914. Parent company

The company is a wholly owned subsidiary of Cape PLC, a company registered in England and Wales. Cape PLC is the smallest and largest group in which the results of the company are consolidated. Copies of the accounts of Cape PLC can be obtained from The Company Secretary, Cape PLC, Iver Lane, Uxbridge, Middlesex, UB8 2JQ.