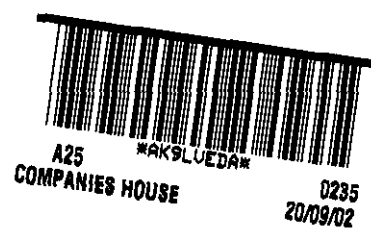


**Directors' report and Financial Statements for the Fifteen
Months ended 31 March 2002**

AGL Systems International Limited

Registered number: 2192952



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AGL Systems International Limited Company Information

Directors

S G Copley

P Lyons

A Gamota

Secretary

J Ellison

Registered office

Claremont House

Hatters Lane

Croxley Business Park

Watford

Hertfordshire

WD18 8TR

Auditors

PricewaterhouseCoopers

1 Embankment Place

London

WC2N 6RH

AGL Systems International Limited
Directors' Report
For the fifteen months ended 31 March 2002

The directors present their report and the audited financial statements for the fifteen months ended 31 March 2002. The company was acquired as part of the acquisition of the Aerial Group Limited group of companies by SST (UK) Limited on 12th August 2000. Since 1st January 2001 the trade of the business has been undertaken by SST (UK) Limited and hence the company has no trading results for the reported period.

Profit

The company incurred a loss before tax in the period of £34,000 (2000: loss before tax was £312,000). Details are contained in the profit and loss account on page 7.

The directors do not recommend payment of a dividend (2000: £nil per share).

Principal activities

The company did not trade during the period and has no intention to do so in the future.

Review Of The Business And Future Developments

The directors are satisfied that the financial statements give a fair review of the development of the business of the company during the period and of its position at the period end.

There are not expected to be any significant changes to the principal activities of the business in the future.

With effect from the 1st January 2001 the trade and substantially all of the assets of the company were transferred to SST (UK) Limited, the acquiring company.

Directors and their interests

The directors who served during the year, none of whom were beneficially interested in the shares of the company, were as follows:

| | Appointed | Resigned |
|--------------|--------------------------------|--------------------------------|
| T P Weil | | 8 th June 2001 |
| J N B Curtis | | 5 th September 2001 |
| C L Jackman | | 5 th September 2001 |
| S G Copley | 16 th July 2001 | |
| A Gamota | 5 th September 2001 | |
| P Lyons | 5 th September 2001 | |

The interest of S G Copley and P Lyons in the shares of Lattice Group plc (the ultimate parent undertaking) are disclosed in the financial statements of SST (UK) Limited (the intermediate parent company).

AGL Systems International Limited
Directors' Report (continued)
For the fifteen months ended 31 March 2002

Statement Of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the period 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 apply them consistently and make judgements and estimates that are reasonable and prudent. The directors must also state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements which must be prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business. The directors are responsible for the keeping of 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.

Auditors

The directors will place a resolution before the annual general meeting to re-appoint PricewaterhouseCoopers as auditors for the ensuing year.

By order of the board

A handwritten signature in black ink, appearing to be 'J Ellison', written over a horizontal line.

J Ellison

Company Secretary

Registered Office:
Claremont House
Hatters Lane
Croxley Business Park
Watford
Hertfordshire WD18 8TR

Independent Auditors' Report To The Member Of AGL Systems International Limited

We have audited the financial statements on pages 7 to 15, which have been prepared under the historical cost convention and the accounting policies set out on page 9 and 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 4.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the 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 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 presentation of information in the financial statements. However, the evidence available to us was limited in respect of the corresponding amounts in the current period's financial statements which are derived from the financial statements for the year ended 31 December 2000. In our report on those financial statements we stated that we were unable to express an opinion on the profit for the year ended on that date because we were unable to substantiate the amount of certain balances at 1 January 2000. Accordingly the corresponding amounts shown for the profit and loss account may not be comparable with the figures for the current year.

(Continued on Page 6)

(Continued from Page 5)

PricewaterhouseCoopers
1 Embankment Place
London WC2N 6RH
Telephone +44 (0) 20 7583 5000
Facsimile +44 (0) 20 7822 4652

Qualified opinion arising from limitation on audit scope

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2002 and of its loss for the fifteen months then ended and, except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the amount of certain balances at 1 January 2000 have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants & Registered Auditors
London

4 September 2002

AGL Systems International Limited

Profit and Loss Account For the fifteen months ended 31 March 2002

| | | 15 months to 31 March 2002 | 12 months to 31 December 2000 |
|---|-------|----------------------------------|-------------------------------------|
| | Notes | £'000 | £'000 |
| Turnover | 3 | - | 3,017 |
| Cost of sales | | - | (2,422) |
| Gross profit | | - | 595 |
| Administrative expenses before charging depreciation and amortisation | | - | (832) |
| Earnings Before Interest, Tax, Depreciation and Amortisation | | - | (237) |
| Depreciation and Amortisation | | (34) | (15) |
| Operating loss | | (34) | (252) |
| Interest payable | 6 | - | (60) |
| Loss on ordinary activities before taxation | 4 | (34) | (312) |
| Tax on loss on ordinary activities | 7 | - | - |
| Loss on ordinary activities after taxation, being the retained loss for the period | | (34) | (312) |
| Retained loss at beginning of period | | (390) | (78) |
| Retained loss at end of period | | (424) | (390) |

The company has not traded throughout the period to 31 March 2002.

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

There are no recognised gains or losses in either period other than the loss for each period. Therefore no separate statement of total recognised gains and losses has been presented.

The accompanying notes on pages 9 to 15 form an integral part of these financial statements.

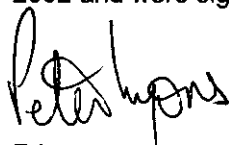
AGL Systems International Limited

Balance sheet As at 31 March 2002

| | <i>Note</i> | 31 March 2002 £'000 | 31 December 2000 £'000 |
|--|-------------|------------------------------------|---------------------------------------|
| Fixed Assets | | | |
| Tangible assets | 8 | 40 | 74 |
| Current assets | | | |
| Inventory | 9 | - | 335 |
| Debtors | 10 | - | 2,052 |
| | | - | 2,387 |
| Creditors: | | | |
| Amounts falling due within one year | 11 | (464) | (2,851) |
| Net current liabilities | | (464) | (464) |
| Total assets less current liabilities | | (424) | (390) |
| Net liabilities | | (424) | (390) |
| Capital and reserves | | | |
| Called up share capital | 12 | - | - |
| Profit and loss account | 13 | (424) | (390) |
| Equity shareholders' funds | 14 | (424) | (390) |

The accompanying notes on pages 9 to 15 form an integral part of these financial statements

The financial statements on pages 7 to 15 were approved by the board of directors on 4 September 2002 and were signed on its behalf by:



P Lyons
Director

AGL Systems International Limited
Notes to the Financial Statements (continued)
For the fifteen months ended 31 March 2002

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding year, is set out below.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. Financial Reporting Standard 18 "Accounting Policies" became mandatory for accounting periods ending on or after 22 June 2001. The directors have reviewed the company's existing accounting policies and consider that they are consistent with the requirements of this new Standard.

b) Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services in the normal course of business.

c) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets, on a straight line basis (unless otherwise stated) over their expected useful lives. The rates generally applicable are:

| | |
|-----------|---------|
| Equipment | 15%-33% |
|-----------|---------|

d) Inventory

Inventory is stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred in completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

e) Taxation

Corporation tax is provided on taxable profits at the current rate. Corporation tax payable is reduced wholly or in part by the surrender of losses by fellow group companies. Payments made, if any, to surrendering companies for losses are reflected in the tax charge.

FRS 19 'Deferred Taxation' has been implemented during the period ended 31 March 2002. Comparative figures have been restated accordingly. In accordance with FRS 19, a full provision for deferred tax is recognised on a discounted basis, on all timing differences that have originated but not reversed by the balance sheet date. Previously the provision for deferred tax was accounted for on the partial provisioning basis required by Statement of Standard Accounting Practice (SSAP) 15. The effect of this change on the results and net assets of the company is detailed in note 2.

AGL Systems International Limited
Notes to the Financial Statements (continued)
For the fifteen months ended 31 March 2002

1. Accounting policies (continued)

f) Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction (or where appropriate, at the rate of exchange in a related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date (or, where appropriate, at the rate of exchange in a related forward exchange contract). Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

g) Contribution to pension funds

The company's contributions to pension schemes are held in trustee administered funds completely independent of the company's finances. Contributions are made partly by employees and partly by the company. All schemes are defined contribution schemes and the contributions payable by the company for the period are charged against income. The company also contributes to individuals' personal pension plans where appropriate.

h) Cashflow statement

As described in Note 16, the results of the company are included in the consolidated financial statements of Lattice Group plc. These financial statements include a consolidated cashflow statement. The directors have chosen to take advantage of the exemption set out in Financial Reporting Standard 1 (Revised) and have not presented a cashflow statement for the company.

i) Going Concern

The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption is based on the fact that the company has sufficient funds in the short term to settle its liabilities as they fall due. In the longer term this assumption depends on the support of the parent company in order that the company's business plan can be implemented. If the company was unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities. The directors believe that it is appropriate for the financial statements to be prepared on the going concern basis and that the parent company will provide additional debt or equity support if necessary.

AGL Systems International Limited
Notes to the Financial Statements (continued)
For the fifteen months ended 31 March 2002

2 New accounting standards

FRS 18 Accounting Policies

FRS 18 has been implemented during the period ended 31 March 2002. This standard sets out the principles to be followed in selecting accounting policies and the disclosure needed to help users understand the accounting policies adopted and how they have been applied. FRS 18 had no impact on the financial results or position of the company.

FRS 19 Deferred Tax

FRS 19 was issued on 7 December 2000 and has been implemented during the period ended 31 March 2002. Comparative figures have been restated accordingly, where appropriate. In accordance with FRS 19, a full provision for deferred tax is recognised, on a discounted basis, for all timing differences that have originated but not reversed at the balance sheet date. The implementation of FRS 19 has had no impact on the financial results or position of the company.

3 Turnover

The turnover for the period was derived from the company's principal activity and is analysed as follows:-

Segmental Analysis

| | 15 Months to 31 March 2002 | 12 Months to 31 December 2000 |
|-------------------------------|---|--|
| | £'000 | £'000 |
| Geographical analysis: | | |
| United Kingdom | - | 2,938 |
| Rest of Europe | - | 79 |
| | - | 3,017 |

4 Operating loss

| | 15 Months to 31 March 2002 | 12 Months to 31 December 2000 |
|---------------------------------------|---|--|
| | £'000 | £'000 |
| This is stated after charging: | | |
| Depreciation of tangible fixed assets | 34 | 15 |

The auditors' fees were borne by a fellow group undertaking.

AGL Systems International Limited
Notes to the Financial Statements (continued)
For the fifteen months ended 31 March 2002

5 Employee Information (including directors)

| | 15 Months to 31 March 2002 | 12 Months to 31 December 2000 |
|-----------------------|---|--|
| | £'000 | £'000 |
| Wages and salaries | - | 641 |
| Social security costs | - | 67 |
| Pension costs | - | 8 |
| | - | 716 |

The average number of employees, including directors, during the period was as follows:

| | 15 Months to 31 March 2002 | 12 Months to 31 December 2000 |
|-------------------------------|---|--|
| | Number | Number |
| Management and administration | - | 8 |
| Engineering and technical | - | 13 |
| | - | 21 |

6 Interest Payable

| | 15 Months to 31 March 2002 | 12 Months to 31 December 2000 |
|----------------------|---|--|
| | £'000 | £'000 |
| Inter group interest | - | 60 |

7 Tax On Loss On Ordinary Activities

There is no taxation for the period ended 31 March 2002 (31 December 2000 £nil)

AGL Systems International Limited
Notes to the Financial Statements (continued)
For the fifteen months ended 31 March 2002

8 Tangible Assets

| | 31 March 2002 Equipment £'000 | 31 December 2000 Equipment £'000 |
|--|--|---|
| Cost or as valued | | |
| At 1 January 2001 | 90 | 5 |
| Additions | - | 85 |
| At 31 March 2002 | 90 | 90 |
| Depreciation | | |
| At 1 January 2001 | 16 | 1 |
| Charge for the year | 34 | 15 |
| At 31 March 2002 | 50 | 16 |
| Net book value at end of period | 40 | 74 |

9 Inventory

| | 31 March 2002 £'000 | 31 December 2000 £'000 |
|------------------|------------------------------------|---------------------------------------|
| Work in progress | - | 60 |
| Finished Goods | - | 275 |
| | - | 335 |

10 Debtors

| | 31 March 2002 £'000 | 31 December 2000 £'000 |
|--|------------------------------------|---------------------------------------|
| Amounts falling due within one year | | |
| Trade debtors | - | 1,401 |
| Amounts owing by fellow group undertakings | - | 585 |
| Prepayments and accrued income | - | 66 |
| | - | 2,052 |

AGL Systems International Limited
Notes to the Financial Statements (continued)
For the fifteen months ended 31 March 2002

11 Creditors: amounts falling due within one year

| | 31 March 2002 £'000 | 31 December 2000 £'000 |
|--|------------------------------------|---------------------------------------|
| Trade creditors | - | 276 |
| Amounts owing to group undertakings: | | |
| Parent company | 464 | 2,334 |
| Fellow group undertakings | - | 108 |
| Other taxation and social security payable | - | 56 |
| Bank overdraft | - | 42 |
| Accruals and deferred income | - | 35 |
| | 464 | 2,851 |

12 Share Capital

| | 31 March 2002 £'000 | 31 December 2000 £'000 |
|---|------------------------------------|---------------------------------------|
| Authorised | | |
| 1,000 ordinary shares at £1 each | 1 | 1 |
| Allotted, called up and fully paid | £ | £ |
| At 31 March 2002 | 2 | 2 |

13 Reserves

| | 31 March 2002 £'000 | 31 December 2000 £'000 |
|---------------------------------|------------------------------------|---------------------------------------|
| At the beginning of the period | (390) | (78) |
| Retained loss for the period | (34) | (312) |
| At the end of the period | (424) | (390) |

AGL Systems International Limited
Notes to the Financial Statements (continued)
For the fifteen months ended 31 March 2002

14 Reconciliation of movements in shareholder's funds

| | 31 March 2002 £'000 | 31 December 2000 £'000 |
|---|---------------------------|------------------------------|
| Loss for the period | (34) | (312) |
| Opening equity shareholder's funds | (390) | (78) |
| Closing equity shareholder's funds | (424) | (390) |

15 Ultimate parent undertaking

The immediate parent undertaking is Aerial Group Limited and the ultimate parent undertaking is Lattice Group Plc. Both companies are registered in England and Wales. The only group in which the results of the company are consolidated is that headed by Lattice Group plc, and copies of these consolidated financial statements are available from the registered office of Lattice Group plc.

16 Cash flow and Related party disclosures

The company is a wholly owned subsidiary of Lattice Group plc and is included in the consolidated financial statements of Lattice Group plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt, under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Lattice Group plc group or investees of the Lattice Group plc group.