



AMSHOLD SECURITIES LIMITED
(formerly LEARNING TECHNOLOGY PLC)

FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED
30 JUNE 2003

Company No: 3337575

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AMSHOLD SECURITIES LIMITED (formerly Learning Technology plc)
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2003

Company registration number: 3337575

Registered office: Brentwood House
169, Kings Road
Brentwood
Essex
CM14 4EF

Directors: Sir Alan Sugar DSc
Colin Sandy CTA

Secretary: Colin Sandy CTA

Auditors: Deloitte & Touche LLP
Chartered Accountants
London

Directors' Report

The directors present their report and the audited financial statements for the nine month period ended 30 June 2003.

Principal activities

The maintenance and administration of loan notes.

Business review and future prospects

The company has recently held an EGM to approve the extension of its loan notes by 50 years, at the option of the holder. The company will continue to derive an income from the loan notes.

On 11 December 2002 the company sold its IT solutions business to Willstar Limited for a consideration of £6.0m.

Results

The company made a trading loss before tax of £2.7m (2002:£0.2m profit before tax).

Dividends

During the period dividends of £27,900,000 were declared and paid (2002:no dividend declared). The £8,000 prior year dividend relates to the final dividend declared in 2001.

Share capital

Details of issued share capital are given in note 13 to the financial statements.

Amshold bid

On 2 August 2002 Amshold Limited made a formal offer of 40 pence per ordinary share for the shares in the company it did not own. On 17 October 2002 Amshold Limited posted notices of the compulsory purchase of the shares held by shareholders who had not accepted the offer. These shares were purchased by Amshold Limited on 29 November 2002.

Change of name

On 11 December 2002 the company changed its name to Amshold Securities plc. On 25 June 2003 the company became Amshold Securities Limited.

Change in accounting reference date

During the period the company changed its accounting reference date from 30 September to 30 June to correspond with that of its ultimate parent company.

Reduction of Capital

On 25 June 2003 the company, by special resolution and court authority, reduced its share capital to £1 and cancelled its share premium account.

Directors and directors' interests

The current membership of the Board is set out on page 1.

The company is ultimately wholly owned by Amshold Group Limited. The beneficial interest of Sir Alan Sugar are stated in the financial statements of that company. Colin Sandy had no beneficial interest in the shares of the company.

Directors' Report (continued)

Directors' Responsibilities for the Financial Statements

United Kingdom 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 group and the company as at the end of the financial year and of the profit or loss of the group 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; 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 company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Colin Sandy
Secretary

9 December 2003

Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMSHOLD SECURITIES LIMITED

We have audited the financial statements of Amshold Securities Limited for the nine month period ended 30 June 2003, which comprise the profit and loss account, the balance sheet the statement of principal accounting policies, and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 the company's affairs as at 30 June 2003 and of its loss for the nine months then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

9 December 2003

Amshold Securities Limited (formerly Learning Technology plc)
Profit and Loss Account
for the nine month period ended 30 June 2003

	Note	9 months ended 30 June 2003	Year ended 30 September 2002
		£000	£000
Operating profit	2	55	114
Exceptional profit on sale of fixed assets	3	4,379	-
Exceptional loss on sale of investments	3	(14,546)	-
Dividends receivable		7,458	70
		<hr/>	<hr/>
(Loss)/Profit on ordinary activities before interest		(2,654)	184
Net interest	5	<hr/> 2	<hr/> 1
(Loss)/Profit on ordinary activities before taxation	6	(2,652)	185
Tax on (loss)/profit on ordinary activities	7	<hr/> 94	<hr/> (122)
(Loss)/Profit on ordinary activities after taxation		(2,558)	63
Dividends	8	<hr/> (27,900)	<hr/> (8)
Retained (loss)/ profit for the financial period	16	<hr/> (30,458)	<hr/> 55

All activities relate to continuing operations.

There were no recognised gains or losses other than the loss and profit for the current and prior years respectively.

Amshold Securities Limited (formerly Learning Technology plc)
Balance Sheet at 30 June 2003

	Note	£000	At 30 June 2003 £000	At 30 September 2002 £000
Fixed assets				
Tangible assets	9		-	1,621
Investments	10		-	20,546
			-	22,167
Current assets				
Debtors	11	3,977		12,529
Investments	12	14,382		101,017
Cash at bank and in hand		84,700		41
		103,059		113,587
Creditors: amounts falling due within one year	13	(103,055)		(105,292)
Net current assets			4	8,295
Total assets less current liabilities			4	30,462
Capital and reserves				
Called up share capital	15		-	12,878
Share premium	16		-	8,051
Profit and loss account	16		4	9,533
Equity shareholders' funds			4	30,462

The financial statements were approved by the Board of Directors on 9 December 2003.

Signed on behalf of the Board of Directors.


Colin Sandy
 Director

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted by the directors are described below.

a) Accounting convention

The financial statements are prepared under the historical cost convention.

b) Turnover

Turnover comprises the invoiced value of goods sold and services supplied by the group, excluding value added tax and trade discounts.

c) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

d) Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded, as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

e) Exemption from preparing group accounts

The financial statement contains information about Amshold Securities Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statement, as it is a wholly owned subsidiary of Amshold Limited (see note 18).

Amshold Securities Limited (formerly Learning Technology plc)
Notes to the Financial Statements
for the nine month period ended 30 June 2003

1 LETTERS OF ENTITLEMENT

As part of the Scheme of Arrangement under which Amshold Securities Limited acquired the entire share capital of Amstrad plc, Amstrad shareholders received a letter of entitlement to Litigation Notes to be issued as and when the net proceeds of the litigation (see below) have been established. A trust deed was entered into by the company, Amstrad and Sir Alan Sugar, Jeoff Samson and Mr. P.L.O. Leaver QC as trustees to constitute these Letters of Entitlement. The trust deed provides that the conduct of the litigation is controlled by the independent trustees. As part of the Scheme of Arrangement £2.3 million was paid into the litigation fund by Amstrad plc to conduct the litigation. Neither the trustees nor Amstrad will have any further call on Amshold Securities Limited or any of its subsidiaries for further funding in relation to the litigation, but the trustees will have the power to raise further funds if required to carry on the litigation. Litigation with Seagate Technology Inc has now been settled resulting in the distribution of £52.4m of Litigation Notes in November 1997. Litigation with Western Digital Corporation has now been settled resulting in the distribution of £2.2m in October 2002. The Letter of Entitlement has no further value.

2 OPERATING PROFIT

	9 month ended 30 June 2003 £000	Year ended 30 September 2002 £000
Other external charges	(246)	(531)
Depreciation	-	(21)
Write off of investment	-	(233)
Other income	301	899
	<u>55</u>	<u>114</u>

3 EXEPTIONAL ITEMS

The profit on sale of fixed assets relates to the profit on disposal of Viglen House to Amsprop Investments Limited for £6.0 million on 25 April 2003.

The loss on sale of investments relates to the sale of Viglen Limited, Xenon Network Services Limited, Vigecom Limited and Pedegog Limited for a combined £6.0 million on 11 December 2002.

4 STAFF COSTS

During the period £16,667 was paid to Amshold Limited for the services of Sir Alan Sugar (2002: £100,000), no other director was paid by the company during the year (2002:£nil). There were no employees during the year (2002:nil).

5 NET INTEREST

	9 month ended 30 June 2003 £000	Year ended 30 September 2002 £000
Interest receivable	2	1
Interest receivable on investments backing loan notes (see note 12)	2,833	4,033
Interest payable on loan notes and related finance charges (see note 12)	(2,833)	(4,033)
	<u>2</u>	<u>1</u>

6 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss)/profit on ordinary activities before taxation is after charging:

	9 month ended 30 June 2003 £000	Year ended 30 September 2002 £000
Depreciation of fixed assets	-	21
Auditors' remuneration:		
- Audit fee	5	10
- Non audit services	66	-
	<u>71</u>	<u>31</u>

Amshold Securities Limited (formerly Learning Technology plc)
Notes to the Financial Statements
for the nine month period ended 30 June 2003 (continued)

7 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	9 month ended 30 June 2003 £000	Year ended 30 September 2002 £000
Current taxation		
United Kingdom Corporation tax		
Current tax on income for the period at 30% (2002:30%)	(39)	(112)
Adjustment in respect of prior years	(11)	3
Total current taxation	(50)	(109)
Deferred taxations		
Timing differences, origination and reversal	144	(13)
	94	(122)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge of the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	9 month ended 30 June 2003 £000	Year ended 30 September 2002 £000
Profit on ordinary activities before tax	(2,652)	185
Tax on profit on ordinary activities before tax at standard rate	796	(56)
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	(22)	(69)
Capital allowances in excess of depreciation	-	13
Prior period adjustments	(11)	3
UK Dividend income	2,237	-
Loss on sale of assets	(3,050)	-
Current tax charge for the year	(50)	(109)

8 DIVIDENDS

During the period £27,900,000 has been declared and paid as dividends. No dividend was declared in 2002, the £8,000 relates to the final dividend declared in 2001.

9 TANGIBLE FIXED ASSETS

	Freehold property £000
Cost	
At 1 October 2002	1,879
Disposal	(1,879)
At 30 June 2003	-
Depreciation	
At 1 October 2002	258
Disposal	(258)
At 30 June 2003	-
Net book amount at 30 June 2003	-
Net book amount at 30 September 2002	1,621

Amshold Securities Limited (formerly Learning Technology plc)
Notes to the Financial Statements
for the nine month period ended 30 June 2003 (continued)

10 FIXED ASSET INVESTMENTS

	£000
Investment in subsidiary companies and associated companies	
Cost	
At 1 October 2002	80,447
Disposal	<u>(80,447)</u>
At 30 June 2003	<u>-</u>
Provision	
At 1 October 2002	59,901
Disposal	<u>(59,901)</u>
At 30 June 2003	<u>-</u>
Net book amount	
at 30 September 2002	<u>20,546</u>
Net book amount	
at 30 June 2003	<u>-</u>

The company sold its trading subsidiaries to Willstar Limited on 11 December 2003 (see note 18). This transaction generated a net book loss of £14.5m (see note 3).

The company's principal subsidiary undertaking is Amstrad Computers Limited a wholly owned subsidiary which is incorporated in Great Britain and operates in the United Kingdom and which is engaged in investments and litigation.

11 DEBTORS

	2003 £000	2002 £000
Other debtors	46	2
Amounts owed by group undertakings	<u>3,931</u>	<u>12,527</u>
	<u>3,977</u>	<u>12,529</u>

12 INVESTMENTS

The investments are all cash deposits on fixed (six month) terms at Lloyds TSB Bank plc that secure the loan notes issued. The deposits and loan notes are as follows:

	2003 £000	2002 £000
Cash deposits at Lloyds Bank Plc	<u>14,382</u>	<u>101,017</u>
Loan Notes secured by deposits:		
Floating Rate Loan Notes 2009	11,254	79,936
Floating Rate Loan Notes 2010	3,124	21,081
Unsecured Loan Notes	<u>4</u>	<u>-</u>
	<u>14,382</u>	<u>101,017</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £000	2002 £000
Loan Notes (see note 12)	14,378	101,017
Unsecured Loan notes	84,698	-
Corporation tax	39	112
Deferred tax	-	144
Other taxes and social security costs	10	59
Accruals	206	236
Amounts owed to group undertakings	<u>3,724</u>	<u>3,724</u>
	<u>103,055</u>	<u>105,292</u>

Amshold Securities Limited (formerly Learning Technology plc)
Notes to the Financial Statements
for the nine month period ended 30 June 2003 (continued)

14 DEFERRED TAXATION

	2003 £000	2002 £000
Movement on Deferred Taxation balances in the period		
At 1 October 2002	144	131
(Credit)/charge to profit and loss account	(144)	13
At 30 June 2003	<u>-</u>	<u>144</u>

15 SHARE CAPITAL

	Number	£000
Authorised:		
Ordinary shares of 14 ² / ₇ p each		
At 1 October 2002	123,200,000	17,600
Cancelled during period	<u>((122,999,993))</u>	<u>(17,600)</u>
At 30 June 2003	<u>7</u>	<u>-</u>
Allotted, issued, called up and fully paid		
Ordinary shares of 14 ² / ₇ p each		
At 1 October 2002	90,147,350	12,878
Cancelled during period	<u>(90,147,343)</u>	<u>(12,878)</u>
At 30 June 2003	<u>7</u>	<u>-</u>

16 RESERVES

	Share Premium Account £000	Profit and Loss Account £000	Total £000
At 1 October 2002	8,051	9,533	17,584
Transfer between reserves	(8,051)	8,051	-
Transfer from Share Capital	-	12,878	12,878
Retained loss for period	<u>-</u>	<u>(30,458)</u>	<u>(30,458)</u>
	<u>-</u>	<u>4</u>	<u>4</u>

The capital reduction scheme took place on 25 June 2003.

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £000	2002 £000
Shareholders' funds at 1 October 2002	30,462	29,066
(Loss)/Profit for period	(2,558)	63
Shares issued in period	-	1,341
Dividends for period	<u>(27,900)</u>	<u>(8)</u>
Shareholders' funds at 30 September 2002	<u>4</u>	<u>30,462</u>

18 RELATED PARTY TRANSACTION

On 11 December 2002 the company sold Viglen Limited, Vigecom Limited, Pedegog Limited and Xenon Network Services Limited for a combined price of £6.0m to Willstar Limited. Willstar Limited is a company formed by Bordan Tkachuk and Michael Ray, both former directors of Amshold Securities Limited. Subsequently, Willstar Limited issued shares acquired by Amsprop London Limited and is now a subsidiary of Amsprop London Limited, a company wholly owned by Sir Alan Sugar.

The company has taken advantage of the exemption conferred by FRS 8, 'Related Party Disclosures' not to disclose transactions with companies 90% or more of whose voting rights are controlled by the group.

19 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

As at 30 June 2003 the parent company was Amshold Limited, a company registered in Jersey. The ultimate parent company was Amshold Group Limited, a company incorporated in Great Britain. The ultimate controlling party was Sir Alan Sugar. Copies of the accounts for both of these companies can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.