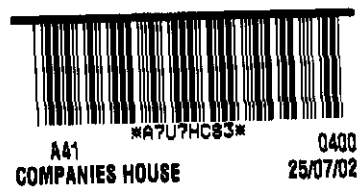


Evolution Capital Investment Limited
(formerly EVC Christows Limited)

Report and Financial Statements
For the year ended 31 December 2001



Registered Number: 3359805

DIRECTORS' REPORT
For the year ended 31 December 2001

The directors present their report together with the audited financial statements for the year ended 31 December 2001.

Review of business

The Company was previously dormant prior to its change of name on 28 December 2001. The Company now holds all of the Group's equity investment portfolio. The portfolio was transferred on the last day of the financial year from other group companies and hence no profit or loss was recognised on these investments within the Company.

The Company joined the British Venture Capital Association ("BVCA") and intends to pursue minority investments in private companies in sectors where Evolution Capital Ltd, a fellow group company, has a research speciality.

Results and Dividends

The Company did not trade at any time in the year and as a result derived no profit or loss for the year. The directors do not recommend the payment of a dividend.

Post balance sheet events

There are no material post balance sheet events at 31 December 2001.

Directors

The directors of the Company, together with their dates of appointment and resignation where appropriate, are as shown below:

	Date of appointment	Date of resignation
Alex Snow	18 April 2001	
Graeme Dell	22 February 2002	
Richard Griffiths	22 February 2002	
A. Chris Roberts		18 April 2001

The only director in office at the year end has interests in the share capital of the parent company, The Evolution Group Plc and is also a director of The Evolution Group Plc. His interests are disclosed in the accounts of The Evolution Group Plc in accordance with The Companies Act 1985.

Change of name

On 28 December 2001 the Company changed its name from EVC Christows Limited to Evolution Capital Investment Limited.

DIRECTORS' REPORT (continued)
For the year ended 31 December 2001

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the auditors' report set out on Page 3, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 8 that,

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and
- all the accounting standards which they consider to be applicable have been followed, and
- the financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

The Company previously took advantage of the exemption from the requirement for audit due to the fact that the Company had been dormant. PricewaterhouseCoopers were appointed auditors with effect from 8 October 2001.

Pursuant to section 388 (3) (b) Companies Act 1985, special notice will be given of a resolution proposing to re-appoint PricewaterhouseCoopers as the company's auditors at the 2001 Annual General Meeting. A resolution authorising Directors to determine the auditors' remuneration will also be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Nigel Gordon
Secretary
22 April 2002

Independent auditors' report to the members of Evolution Capital Investment Ltd

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with 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. The other information comprises only the directors' report.

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 the Company's affairs at 31 December 2001 and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
22 April 2002

Evolution Capital Investment Limited
(formerly EVC Christows Limited)

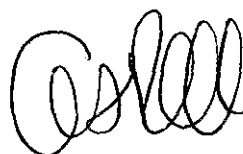
BALANCE SHEET AS AT 31 DECEMBER

	Note	2001 £	2000 £
Fixed assets			
Investments	7	<u>4,756,366</u>	<u>-</u>
Current assets			
Debtors	8	<u>2</u>	<u>2</u>
Creditors: Amounts falling due within one year	9	<u>(4,756,366)</u>	<u>-</u>
Net current assets		<u>(4,756,364)</u>	<u>2</u>
Total assets less current liabilities		<u>2</u>	<u>2</u>
Net assets		<u>2</u>	<u>2</u>
Capital and reserves			
Called up ordinary share capital	10	<u>2</u>	<u>2</u>
Total equity shareholders' funds	11	<u>2</u>	<u>2</u>

A statement of movement in shareholders' funds is given in note 11.

The notes on pages 5 to 8 form an integral part of these financial statements.

The financial statements on pages 4 to 8 were approved by the Board of Directors on 22 April 2002.



Graeme Dell
Finance Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with the applicable accounting standards of the Accounting Standards Board.

The Company is not required to prepare consolidated financial statements as it is a wholly owned subsidiary and its immediate parent undertaking is established in the European Economic Area.

Fixed Asset Investments

The directors consider that in general the Group's fixed asset investments do not come within the Companies Act 1985 definition of associated undertakings, since The Evolution Group Plc does not exercise significant influence over the operating and financial policies of investees. The Companies Act 1985 requires investments where there is significant influence to be treated as associated undertakings and accounting for using the equity method of accounting.

The directors consider that as these investments are held as part of the Company's portfolio with a view to the ultimate realisation of capital gains, equity accounting would not give a true and fair view of the Company's interest in these investments. The treatment adopted is in accordance with the accounting for venture capital and investment trusts as laid out in Financial Reporting Standard ("FRS") 9 – Associates and Joint Ventures.

Fixed asset investments represent equity investments. Listed and unlisted investments are stated at historical cost less provision for impairment in value. They are regarded as financial fixed assets as they are held for long-term investment purposes.

Basis for fixed asset investment provisions

Provisions for fixed asset investments have been calculated in accordance with British Venture Capital Guidelines ("BVCA"). Early stage investments are valued at cost less any provision considered necessary due to performance significantly below the expectation on which the investment was based. These provisions are made as a percentage of cost in 25% bands. Later stage investments continue to be valued at cost less provision until a third party valuation or earnings multiple basis becomes more applicable. Quoted investments are valued at the bid price but may be discounted further where the holding is significant in relation to the issued share capital.

Adoption of new accounting standards

There have been no significant changes in the accounting policies following the adoption in 2001 of Financial Reporting Standard ("FRS") 18 Accounting Policies.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2001

2. CASH FLOW STATEMENT

The Company's ultimate holding company has adopted the provisions of Financial Reporting Standard 1 ("FRS 1") revised 1996, Cash Flow Statements. Accordingly the Company, which is a wholly owned subsidiary of The Evolution Group Plc, has elected to utilise the exemption provided in FRS 1 not to produce a cash flow statement.

3. PROFIT AND LOSS ACCOUNT

A profit and loss account has not been prepared as there are no transactions required to be reflected in the profit and loss account for either 2001 or 2000. The Company has made neither profit nor loss, nor any other recognised gain or loss.

4. EMPLOYEES

During the year the Company had no employees (2000: nil).

5. AUDITORS – Audit Fees

No remuneration was paid or is payable to the auditors in respect of 2000 or 2001. Audit fees are borne by the parent company.

6. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company during the year (2000: £nil).

7. FIXED ASSET INVESTMENTS

	Listed Investments	Unlisted Investments	Total
Cost	£	£	£
At January 2001	-	-	-
Additions	-	-	-
Disposals	-	-	-
Intra group transfers	1,332,000	21,733,985	23,065,985
At 31 December 2001	1,332,000	21,733,985	23,065,985
Provisions			
As at January 2001	-	-	-
Charge for the year	-	-	-
Disposals	-	-	-
Intra group transfers	(354,355)	(17,955,264)	(18,309,619)
At 31 December 2001	(354,355)	(17,955,264)	(18,309,619)
Net book values			
At 31 December 2001	977,645	3,778,721	4,756,366
At 1 January 2001	-	-	-

During the year all fixed asset investments held with other group companies were transferred into Evolution Capital Investment Limited at net book value. The market value of listed investments at 31 December 2001 was £1,324,000 (2000: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2001

7. FIXED ASSET INVESTMENTS (continued)

The Company has investments greater than 20% of the issued share capital in the following companies:

Company	Country of incorporation	Type of Share Held	% of issue held
NTera Limited	Ireland	Ordinary shares	3.1
		Preferred ordinary shares	22.0
Equology (Holdings) Limited	UK	Ordinary shares	19.4
		Preferred ordinary shares	4.8
4HighTech.com Inc	US	Common stock	40

8. DEBTORS

	2001	2000
	£	£
Called up share capital not paid	<u>2</u>	<u>2</u>

9. CREDITORS: Amounts falling due within one year

	2001	2000
	£	£
Amount due to group undertakings	<u>4,756,366</u>	<u>-</u>

10. CALLED UP SHARE CAPITAL

	2001	2000
	£	£
Authorised: 1,000 ordinary shares of £1 each	1,000	1,000
Allotted and not paid: 2 ordinary shares of £1 each	2	2

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2001

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001	2000
	£	£
Opening equity shareholders' funds	2	2
Closing equity shareholder's funds	2	2

12. POST BALANCE SHEET EVENTS

There were no material post balance sheet events for the year ended 31 December 2001.

13. CONTINGENT LIABILITY

At 31 December 2001 the Company was committed to invest a further £100,000 in an additional round of funding by one of its investments.

14. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under the provisions of Financial Reporting Standard 8 ("FRS 8"), Related Party Disclosures not to disclose transactions with other group companies since the Company is a wholly owned subsidiary of The Evolution Group Plc, the consolidated financial statements of which are publicly available. During the period there have been no transactions with related parties other than group companies.

15. ULTIMATE HOLDING COMPANY

The ultimate holding company and the parent company of the largest group that presents group accounts is The Evolution Group Plc, a company incorporated in Great Britain and registered in England and Wales. The Evolution Group Plc and Evolution Capital Investment Limited statutory accounts are available from the Secretary, 29-30 Cornhill, London, EC3V 3NF.