

Co House

Company Number 3861966

CATER BARNARD (USA) PLC

ACCOUNTS

For The Year Ended

30 September 2002



A41
COMPANIES HOUSE

A685312X

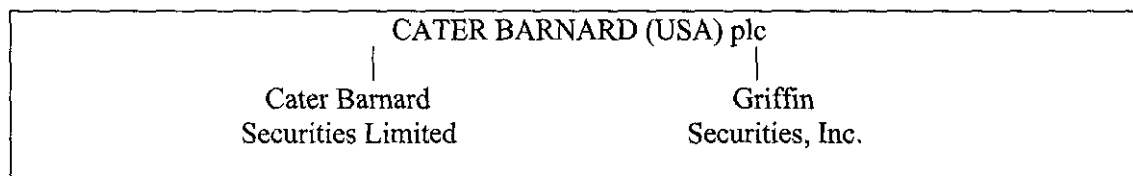
0775
05/03/03

Contents

	Page
Corporate Profile	2
Directors and Advisers	3
Chairman's Statement	4
Directors' Report	5-6
Corporate Governance	7-8
Report on Directors' Remuneration	9
Independent Auditors' Report	10
Group Profit and Loss Account	11
Group Balance Sheet	12
Company Balance Sheet	13
Group Cash Flow Statement	14
Principal Accounting Policies	15-16
Notes to the Financial Statements	17-26

CORPORATE PROFILE

GROUP STRUCTURE



Cater Barnard (USA) plc

Cater Barnard (USA) plc is the holding company of the Group, as well as providing corporate financial advisory services. It has two principal subsidiaries: Griffin Securities, Inc. and Cater Barnard Securities Limited. The Company is under the ultimate control of Cater Barnard plc.

Griffin Securities, Inc.

Griffin Securities, Inc. ("Griffin") is a member of the National Association of Securities Dealers and the Securities Investor Protection Corporation in the United States. Griffin was incorporated in 1997 and maintains offices in New York City. Griffin provides corporations, institutions and individuals worldwide with investment banking, financial advisory, brokerage and research services. The trade of Eximius Corporation was incorporated into Griffin during the year.

Cater Barnard Securities Limited

Cater Barnard Securities Limited is registered with the Financial Services Authority to carry out investment business in the United Kingdom.

DIRECTORS AND ADVISERS

Company Number	3861966
Registered Office	Lloyd's Avenue House 6 Lloyd's Avenue London EC3N 3AX
Directors	Stephen Dean, Chairman Adrian Stecyk, Chief Executive Chrystyna Bedrij
Secretary	Philip Speer
Auditors	Spokes & Company Hilden Park House 79 Tonbridge Road Hildenborough Kent TN11 9BH
Registrar	Connaught St. Michaels Limited Cresta House Alma Street Luton Bedfordshire LU1 2PU
Nominated Adviser	Keith, Bayley, Rogers & Co Ebbark House 93/95 Borough High Street London SE1 1NL
Stockbroker	Seymour Pierce Limited 29-30 Cornhill London EC3V 3NF
Legal Advisers	Philip Speer & Co. 51 Cambridge Place Cambridge CB2 1NS
Bankers	Bank of Scotland plc 14 Friar Lane Leicester LE1 5RA

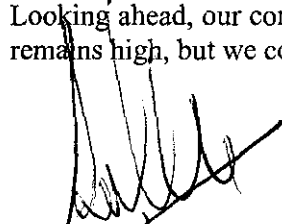
CHAIRMAN'S STATEMENT

This year was an extremely challenging year, especially on the heels of a very difficult 2001. Industry-wide declines in the level of activity significantly depressed revenues in our investment banking and brokerage businesses. Similarly, stock market declines have significantly decreased the value of our investment assets.

Consequently, we have written down the value of investment assets and goodwill by around £1.5 million which has significantly increased our loss for the year ended 30 September 2002. Our operating loss before investment write downs and goodwill amortisation was £81,004. While results for the year reflect the challenges of the environment, they also demonstrate our ability to execute in difficult markets and maintain an expense discipline.

We are extremely proud of our employees who worked hard in this difficult period to provide the highest level of service to our clients while maintaining an intense focus on costs.

Looking ahead, our confidence in the strength of our business model and long-term prospects remains high, but we continue to be cautious in the near-term.



Stephen Dean

Chairman

23 December 2002

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2002

The Directors present the annual report and the Group accounts for the year ended 30 September 2002.

Principal Activities, Review of the Business and Future Developments

The Company is the holding company for the investment in Griffin Securities, Inc., the United States based investment banking and research business, and continued to provide specialist corporate financial advisory services.

The Chairman's statement is set out on the preceding pages and contains details of the Group's progress during the year together with an indication of future developments.

Results and Dividends

The Group loss for the year after taxation amounted to £1,597,373 (2001: Profit £379,080), after £105,748 of goodwill amortisation and £1,419,457 losses on sales and provisions against investments.

The Directors are unable to propose the payment of a dividend for the year.

Directors

The following Directors have held office during the year.

Stephen Dean
Adrian Stecyk
Mark Garratt (resigned 30 September 2002)

Directors' Shareholdings

At 30 September 2002 the Directors' interests in the share capital (beneficially held) of the Company at the dates stated were as follows:

	<u>30 Sept 2002</u>	<u>30 Sept 2002</u>	<u>30 Sept 2001</u>	<u>30 Sept 2001</u>
	<u>Ordinary</u>		<u>Ordinary</u>	
	<u>5p shares</u>	<u>Options</u>	<u>5p shares</u>	<u>Options</u>
Stephen Dean	-	-	-	-
Adrian Stecyk	-	-	-	-

Cater Barnard plc, of which Stephen Dean and Adrian Stecyk were Directors as at 30 September 2002, held 17,220,389 (2001: 16,730,389) Ordinary shares.

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2002

Substantial Shareholders

At 23 December 2002 the Company had been notified of the following interests in its issued share capital pursuant to Part VI of the Companies Act 1985:

	Ordinary 5p shares	
	Number	%
Cater Barnard plc	17,220,389	89.06%

Creditors Payment Policy

Group operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is Group policy that payments to suppliers are made in accordance with all relevant terms and conditions. Creditor days for the trading members of the Group have been calculated at 73 days (2001: 28 days).

Introduction of the Euro

The Directors have considered the introduction of the euro and do not anticipate any directly attributable impact on the Company's business or expect to incur any significant costs as a result of that introduction.

The Annual General Meeting

The Notice of the Annual General Meeting of the Company and the circular dealing with the special business to be considered at the Annual General Meeting will be dispatched to shareholders separately.

Auditors

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

By order of the Board



Philip Speer
Company Secretary

23 December 2002

CORPORATE GOVERNANCE

The Directors' acknowledge the importance of the Principles set out in The Combined Code issued by the Committee on Corporate Governance. Although the Combined Code is not compulsory for OFEX companies, the Directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows:

The Board of Directors

During the year the Board comprised a Chairman, a Finance Director, and an Executive Director. The Finance Director resigned on 30 September 2002 and an additional executive director was appointed. Due to the size of the Company, there are currently no Non-Executive Directors on the Board.

The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls. The Board has a formal schedule of matters specifically reserved to it for decision. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

A nominations committee is not considered appropriate because of the small size of the Board and the Company but all appointments or potential appointments are fully discussed by all Board members. All new directors and senior management are given a comprehensive introduction to the Group's business. Any training necessary will be provided at the Company's expense.

Directors are subject to re-election by the shareholders at Annual General Meetings. The Articles of Association provide that Directors will be subject to re-election at the first opportunity after their appointment and the Board will voluntarily submit to re-election at intervals of three years.

Audit Committee

The Audit Committee currently consists of Stephen Dean, Chairman and meetings are also attended by other Executive Directors on invitation. The Audit Committee meets at least twice a year and considers the appointment and fees of the external auditors and discusses the scope of the audit and its findings. The Committee is also responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements prior to their submission for approval by the Board.

Remuneration Committee

The Remuneration Committee currently comprises Stephen Dean, Chairman. The Committee's role is to consider and approve the remuneration and benefits of the Executive Directors. In framing the Company's remuneration policy, the Remuneration Committee has given full consideration to Section B of The Combined Code. The Report on Directors' Remuneration is set out on page 9.

CORPORATE GOVERNANCE (continued)**Internal Financial Control**

The Board is responsible for establishing and maintaining the Group's system of internal financial control and places importance on maintaining a strong control environment. The key procedures which the Directors have established with a view to providing effective internal financial control are as follows:

- The Group's organisational structure has clear lines of responsibility.
- The Group prepares a comprehensive annual budget that is approved by the Board. Monthly results are reported against the budget and variances are closely monitored by the Directors.
- The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate courses of action to manage those risks.
- Oversight of and involvement in regular subsidiary company board meetings, complete with structured operational reporting requirements.

The Directors recognise, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss. The Directors have reviewed the effectiveness of the system of internal financial control as it operated during the period to 30 September 2002.

Relations with Shareholders

Communications with shareholders are given high priority. There is a regular dialogue with shareholders including proposed presentations after the Company's preliminary announcement of the year end results and at the half year. The Board uses the Annual General Meeting to communicate with investors and welcomes their participation. The Chairman aims to ensure that the Directors are available at Annual General Meetings to answer questions.

Established procedures ensure the timely release of share price sensitive information and the publication of financial results and regulatory financial statements.

Statement by Directors on Compliance with the Provisions of the Combined Code

The Board consider that they have complied with the provisions of The Combined Code, as far as practicable and appropriate for a public company of this size, in accordance with the recommendations on corporate governance of the City Group for Smaller Companies.

Directors' Responsibilities for 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; and
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

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.

The Directors confirm that they have complied with the above requirements in preparing these financial statements.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

REPORT ON DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for determining and reviewing the terms of appointment and the remuneration of executive Directors. The Committee also review the remuneration of the other senior executives to ensure that reasonable and consistent criteria are applied to the management and review of all senior executive benefits packages. The Committee takes external advice, as appropriate, on remuneration issues and takes cognisance of major surveys covering all aspects of the pay and benefits of directors and senior executives in many companies.

The Committee aims to provide base salaries and benefits which are competitive in the relevant external market and which take account of Company and individual performance thus enhancing the Group's ability to recruit and to retain individuals of the calibre required for its continuing business success. It is the policy of the Committee to provide financial incentives and to reward superior performance over the medium and long term by creating opportunities to enable senior executives to earn cash bonuses and share-related payments which result from achievement of performance targets.

The Remuneration Committee currently consists of Stephen Dean, Executive Chairman.

Service Contracts

The Directors have service contracts, which require not more than 12 months notice of termination. The remuneration packages consist of basic salary or fees, plus performance-related bonus arrangements.

Directors' Remuneration

	<u>Salary & fees</u>	<u>Benefits</u>	<u>Pension contributions</u>	<u>Total for period ended 30 September 2002</u>
	£	£	£	£
Executives				
Stephen Dean	12,000	-	-	12,000
Mark Garratt	-	-	-	-
Adrian Stecyk	107,551	-	-	107,551
Total 2002	<u>119,551</u>	<u>-</u>	<u>-</u>	<u>119,551</u>
Total 2001 (15 months)	<u>35,525</u>	<u>-</u>	<u>-</u>	<u>35,525</u>

The amounts attributed to Stephen Dean represent fees paid to Clayworth Group SA.

Share Options

At 30 September 2002 there were no outstanding options due to the Directors.

Directors' Interests

The Directors' interests in the ordinary shares of the Company are set out in the Directors' Report on pages 5 to 6.

On behalf of the Remuneration Committee



Stephen Dean

Director

23 December 2002

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CATER BARNARD (USA) PLC**

We have audited the financial statements of Cater Barnard (USA) plc for the year ended 30 September 2002, which comprise the Group Profit and Loss Account, the Group Balance Sheet, the Company Balance Sheet, the Group Cash Flow Statement, and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibilities as independent auditors are established by statute, the Auditing Standards Board and by 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 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 is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with those provisions of the Combined Code specified for our review, and we report if it does not. We are not required to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We 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 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 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 the Group as at 30 September 2002 and of the Group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Spokes & Company

Chartered Accountants
Registered Auditor
Hilden Park House
79 Tonbridge Road
Hildenborough
Kent TN11 9BH



23 December 2002

GROUP PROFIT & LOSS ACCOUNT

For The Year Ended 30 September 2002

	<u>Notes</u>	<u>Goodwill and Investments</u>	<u>Financial Services</u>	<u>Total</u> 12 months £	<u>30 Sept 2001</u> 15 months £
		£	£		
TURNOVER	1				
Continuing operations - Existing		-	383,829	383,829	1,170,827
Discontinued activities		-	-	-	218,034
Group turnover		-	383,829	383,829	1,388,861
COST OF SALES		-	(11,285)	(11,285)	(425,195)
GROSS PROFIT		-	372,544	372,544	963,666
Administrative expenses		-	(453,548)	(453,548)	(410,801)
Goodwill amortisation		(105,748)	-	(105,748)	(49,591)
OPERATING (LOSS)/PROFIT	1	(105,748)	(81,004)	(186,752)	503,274
- Continuing				(186,752)	702,696
- Discontinued				-	(199,422)
Loss on fixed asset investments		(1,419,457)	-	(1,419,457)	-
		(1,525,205)	(81,004)	(1,606,209)	503,274
OTHER OPERATING INCOME					
Interest receivable & similar income				540	1,109
Interest payable				(13,413)	(3)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				(1,619,082)	504,380
Taxation	3			21,709	(125,300)
RETAINED (LOSS)/PROFIT FOR THE YEAR	13			(1,597,373)	379,080
Basic earnings per share	5			(8.27)p	3.18p
Diluted earnings per share	5			(8.27)p	3.09p


The Company made no recognised gains or losses other than the result for the year.

GROUP BALANCE SHEET

As at 30 September 2002

	<u>Notes</u>	<u>30 Sept</u> <u>2002</u> £	<u>30 Sept</u> <u>2001</u> £
FIXED ASSETS			
Intangible fixed assets	6	789,952	888,016
Tangible fixed assets	7	11,192	1,639
Investments	8	2,264	1,166,898
		<u>803,408</u>	<u>2,056,553</u>
CURRENT ASSETS			
Stock and work in progress		-	-
Debtors	9	136,370	447,219
Cash at bank & in hand		17,824	31,556
		<u>154,194</u>	<u>478,775</u>
CREDITORS: Amounts falling due within one year	10	(240,682)	(363,050)
NET CURRENT (LIABILITIES)/ASSETS		<u>(86,488)</u>	<u>115,725</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>716,920</u>	<u>2,172,278</u>
CREDITORS: Amounts falling due after more than one year	11	(139,515)	-
NET ASSETS		<u>577,405</u>	<u>2,172,278</u>
CAPITAL & RESERVES			
Called up share capital – equity	12	966,769	964,269
Share premium account	13	815,010	815,010
Profit & loss account	13	(1,204,374)	392,999
EQUITY SHAREHOLDERS' FUNDS	14	<u>577,405</u>	<u>2,172,278</u>

The financial statements were approved by the Board of Directors on 23 December 2002.



Stephen Dean
Director

COMPANY BALANCE SHEET

As at 30 September 2002

	<u>Notes</u>	<u>30 Sept 2002</u>	<u>30 Sept 2001</u>
		£	£
FIXED ASSETS			
Investments in subsidiaries	8	1,153,170	1,073,750
Trade investments	8	18	1,166,898
		<u>1,153,188</u>	<u>2,240,648</u>
CURRENT ASSETS			
Debtors	9	45,094	299,529
Cash at bank & in hand		4,767	11,779
		<u>49,861</u>	<u>311,308</u>
CREDITORS: Amounts falling due within one year	10	(259,565)	(343,628)
NET CURRENT LIABILITIES		<u>(209,704)</u>	<u>(32,320)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		943,484	2,208,328
CREDITORS: Amounts falling due after more than one year	11	(139,515)	-
NET ASSETS		<u>803,969</u>	<u>2,208,328</u>
CAPITAL & RESERVES			
Called up share capital – equity	12	966,769	964,269
Share premium account	13	815,010	815,010
Profit & loss account	13	(977,810)	429,049
EQUITY SHAREHOLDERS' FUNDS		<u>803,969</u>	<u>2,208,328</u>

The financial statements were approved by the Board of Directors on 23 December 2002.



Stephen Dean
Director

GROUP CASH FLOW STATEMENT**For The Year Ended 30 September 2002**

	<u>Notes</u>	<u>30 Sept</u> <u>2002</u> 12 months £	<u>30 Sept</u> <u>2001</u> 15 months £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	311,708	716,115
RETURNS ON INVESTMENTS & SERVICING OF FINANCE			
Interest received		540	1,109
Interest paid		(13,413)	(3)
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS & SERVICING OF FINANCE		(12,873)	1,106
TAXATION			
UK corporation tax paid		-	(12,093)
CAPITAL EXPENDITURE & FINANCIAL INVESTMENT			
Sale of tangible fixed assets		-	67,138
Purchase of tangible fixed assets		(10,782)	-
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE & FINANCIAL INVESTMENT		(10,782)	67,138
ACQUISITIONS & DISPOSALS			
Purchase of subsidiary undertakings	15	(53,195)	(307,085)
Cash acquired with subsidiary undertakings		3,732	7,277
Purchase of investments	8	(443,118)	(626,454)
Disposal of subsidiary undertaking (net)		-	186,899
Disposal of investments		188,296	-
NET CASH OUTFLOW FROM ACQUISITIONS & DISPOSALS		(304,285)	(739,363)
EQUITY DIVIDENDS PAID		-	-
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(16,232)	32,903
FINANCING			
Issue of ordinary share capital	12	2,500	38,750
Reduction to borrowings		-	(33,805)
NET CASH INFLOW FROM FINANCING		2,500	4,945
(DECREASE)/INCREASE IN CASH	17/18	(13,732)	37,848

ACCOUNTING POLICIES

Basis of accounting

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates. Estimates are used principally when accounting for provisions for doubtful debts, depreciation, amortisation and taxes.

Basis of consolidation

The Group financial statements consolidate those of the Company and of its subsidiary undertakings for the year ended 30 September 2002.

The results of businesses acquired or disposed of during the period have been included from the effective date of acquisition or up until the date of disposal. Profits or losses on intra-group transactions are eliminated in full.

Turnover

Turnover represents fees invoiced, excluding trade discounts, other sales taxes and VAT. Turnover arises in both the United Kingdom and the United States of America.

Taxation

The charge for taxation is based on the profit for the period and takes into account deferred taxation. Provision is made for material deferred taxation.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation has been provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Fixtures, fittings and equipment - 25% per annum on the straight line basis

ACCOUNTING POLICIES (continued)**Goodwill**

Goodwill arising from the purchase of subsidiary undertakings, represents the excess of the fair value of the purchase consideration over the fair value of the net assets acquired.

The goodwill arising on acquisitions is capitalised as an intangible asset. The goodwill is amortised on a straight line basis from the time of acquisition over its useful economic life. The economic life is normally presumed to be a maximum of 20 years. Impairment reviews are performed to ensure the carrying value of the goodwill is fairly presented and provision made as required.

If an undertaking is subsequently divested, the appropriate unamortised goodwill is dealt with through the profit and loss account in the period of disposal as part of the gain or loss on divestment.

Pensions

The Director operates a defined contributions pension scheme as further detailed in note 23 to the accounts.

Fixed asset investment

Investments in subsidiary undertakings and associates are stated at cost less amounts written off.

Foreign currencies

The assets and liabilities of foreign subsidiary companies are translated into sterling at the rates of exchange ruling at the year end. The historical currency cost of foreign subsidiary companies and investments held by the Company are translated into sterling at the rates of exchange ruling at the year end. Gains and losses resulting from the realignment of opening foreign currency balances to the year end rates including external loans and intra-group long term loans are treated as movements on reserves.

The results of foreign subsidiary companies are translated into sterling at the average rates of exchange for the accounting period. Gains or losses resulting from the translation of these results from the average rates to the year-end rates are treated as movements on reserves. All other exchange differences are dealt with through the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

1. **TURNOVER & OPERATING (LOSS)/PROFIT**

Turnover is generated from the Group's activities within the United Kingdom and the United States of America.

The geographical analysis of group turnover is as follows:

	30 Sept 2002	30 Sept 2001
	<u>12 months</u>	<u>15 months</u>
	£	£
United Kingdom	-	218,034
United States of America	383,829	1,170,827
	<u>383,829</u>	<u>1,388,861</u>

The group operating (loss)/profit is stated after charging the following:

	30 Sept 2002	30 Sept 2001
	<u>12 months</u>	<u>15 months</u>
	£	£
Depreciation	1,229	462
Amortisation of goodwill	105,748	49,591
Directors remuneration	119,551	35,525
Auditors' remuneration	5,605	20,612
Loss on disposal of subsidiary	-	170,557
	<u>-</u>	<u>-</u>

2. **DIRECTORS' REMUNERATION AND EMPLOYEES**

Staff costs (including Directors) during the year were as follows:

	30 Sept 2002	30 Sept 2001
	<u>Group</u>	<u>Group</u>
	<u>12 months</u>	<u>15 months</u>
	£	£
Wages & salaries	247,346	146,998
Pension contributions	-	-
Social security costs	25,767	8,663
	<u>273,113</u>	<u>155,661</u>
	<u>-</u>	<u>-</u>
	£	£
Directors remuneration	107,551	-
Directors fees	12,000	35,525
	<u>119,551</u>	<u>35,525</u>

Details of remuneration for each Director are set out in the Report on Directors Remuneration.

The average number of employees of the Group during the year was as follows:

	30 Sept 2002	30 Sept 2001
	<u>Number</u>	<u>Number</u>
	<u>Group</u>	<u>Group</u>
Administration	2	1
Operations	6	3
	<u>8</u>	<u>4</u>

NOTES TO THE FINANCIAL STATEMENTS

3. TAXATION

	<u>30 Sept 2002</u> <u>12 months</u> £	<u>30 Sept 2001</u> <u>15 months</u> £
Corporation tax (reversed)/charge at 30% based on the result for the year:	23,978	(119,004)
Foreign tax	(2,269)	(10,980)
Deferred tax	-	4,684
	<u>21,709</u>	<u>(125,300)</u>

4. LOSS FOR THE FINANCIAL YEAR

The Parent Company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The loss for the year, dealt with in the profit and loss account of the Company and after taking into account dividends from subsidiary undertakings, was £1,406,859 (2001 profit: £443,993).

5. EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the result for the financial year attributable to shareholders by the weighted average number of shares in issue. In calculating the diluted earnings per share, share options and warrants outstanding have been taken into account.

The weighted average number of shares were:	<u>30 Sept</u> <u>2002</u> Number	<u>30 Sept</u> <u>2001</u> Number
Weighted average number of shares	19,321,690	11,921,584
Effect of outstanding warrants	-	350,877
Adjusted weighted average number of ordinary shares	<u>19,321,690</u>	<u>12,272,461</u>
Basic earnings per share	(8.27)p	3.18p
Diluted earnings per share	(8.27)p	3.09p

6. INTANGIBLE FIXED ASSETS

Intangible fixed assets comprise goodwill arising on consolidation of businesses acquired as follows:

	<u>Group</u> £	<u>Company</u> £
Brought forward	937,607	-
Purchased goodwill	3,484	-
Goodwill acquired with subsidiary	4,200	-
Purchased goodwill at cost	<u>945,291</u>	<u>-</u>
Brought forward	49,591	-
Amortisation charges for period	105,748	-
Amortisation carried forward	<u>155,339</u>	<u>-</u>
Net intangible fixed assets at 30 September 2002	<u>789,952</u>	<u>-</u>
Net intangible fixed assets at 30 September 2001	<u>888,016</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

7. TANGIBLE FIXED ASSETS

GROUP	<u>Fixtures, fittings & equipment</u>	<u>Total</u>
COST	£	£
Brought forward	1,966	1,966
Acquired	10,782	10,782
At 30 September 2002	<u>12,748</u>	<u>12,748</u>
DEPRECIATION		
Brought forward	327	327
Provided in the year	1,229	1,229
At 30 September 2002	<u>1,556</u>	<u>1,556</u>
NET BOOK VALUE		
At 30 September 2002	<u>11,192</u>	<u>11,192</u>
At 30 September 2001	<u>1,639</u>	<u>1,639</u>

8. FIXED ASSET INVESTMENTS

	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>£</u>
Subsidiary undertakings		
Brought forward	-	1,073,750
Additions	-	79,420
Balance carried forward	<u>-</u>	<u>1,153,170</u>

At 30 September 2002 the Company held the following interests in subsidiary undertakings all of which are included within the consolidated accounts.

<u>Name</u>	<u>Class of Share Capital Held</u>	<u>Proportion Held</u>	<u>Nature of Business</u>
Griffin Securities, Inc. (incorporating the trade of Eximius Corporation)	Common	100%	USA Investment banking and brokerage
Cater Barnard Securities Limited	Ordinary	100%	UK Financial services
Cater Barnard Capital Limited	Ordinary	100%	Dormant
Cater Barnard (IFA) Limited	Ordinary	100%	Dormant

Griffin Securities Inc. is incorporated in the state of New York in the United States of America. The accounts of this company were audited by Alperin, Nebbia and Associates CPA, PA of New Jersey, United States of America, and the audit reports were unqualified.

The other companies are registered in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

8. FIXED ASSET INVESTMENTS (continued)

	<u>Group</u> £	<u>Company</u> £
Trade investments		
Brought forward	1,166,898	1,166,898
Additions	443,118	440,872
Impairment write-off	(1,080,620)	(1,080,620)
Cost of disposals	(527,132)	(527,132)
Balance carried forward	<u>2,264</u>	<u>18</u>

9. DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>30 Sept</u> <u>2002</u> £	<u>30 Sept</u> <u>2001</u> £	<u>30 Sept</u> <u>2002</u> £	<u>30 Sept</u> <u>2001</u> £
Trade debtors	68,126	419,156	42,113	286,300
Other debtors	59,807	28,063	2,981	13,229
Prepayments	8,437	-	-	-
	<u>136,370</u>	<u>447,219</u>	<u>45,094</u>	<u>299,529</u>

10. CREDITORS – Amounts falling due within one year:

	<u>Group</u>		<u>Company</u>	
	<u>30 Sept</u> <u>2002</u> £	<u>30 Sept</u> <u>2001</u> £	<u>30 Sept</u> <u>2002</u> £	<u>30 Sept</u> <u>2001</u> £
Trade creditors	54,378	65,608	50,475	56,455
Amounts owed to subsidiary undertakings	-	-	42,872	7,200
Amounts owed to parent undertaking	112,482	149,473	112,482	149,473
Corporation tax	40,194	117,000	40,194	117,000
Social security & other taxes	-	-	-	-
Other creditors	12,060	-	-	-
Accruals & deferred income	21,568	30,969	13,542	13,500
	<u>240,682</u>	<u>363,050</u>	<u>259,565</u>	<u>343,628</u>

11. CREDITORS – Amounts falling due after more than one year:

	<u>Group</u>		<u>Company</u>	
	<u>30 Sept</u> <u>2002</u> £	<u>30 Sept</u> <u>2001</u> £	<u>30 Sept</u> <u>2002</u> £	<u>30 Sept</u> <u>2001</u> £
Other creditors	139,515	-	139,515	-

NOTES TO THE FINANCIAL STATEMENTS

12. SHARE CAPITAL

	<u>30 Sept</u> <u>2002</u> £	<u>30 Sept</u> <u>2001</u> £
Authorised:		
20,000,000 ordinary shares of 5p each	1,000,000	1,000,000
	<u> </u>	<u> </u>
Allotted, called up & fully paid		
19,335,389 ordinary shares of 5p each (2001: 19,285,389)	966,769	964,269
	<u> </u>	<u> </u>

At 30 September 2002 there were no options or warrants outstanding.

On 9 January 2002, the company issued 50,000 shares at 5p each paid in cash.

13. STATEMENT OF MOVEMENT ON RESERVES

	<u>Group</u>		<u>Company</u>	
	<u>Share</u> <u>Premium</u> <u>Account</u> £	<u>Profit &</u> <u>Loss</u> <u>Account</u> £	<u>Share</u> <u>Premium</u> <u>Account</u> £	<u>Profit &</u> <u>Loss</u> <u>Account</u> £
Brought forward	815,010	392,999	815,010	429,049
Retained loss for the year	-	(1,597,373)	-	(1,406,859)
At 30 September 2002	<u>815,010</u>	<u>(1,204,374)</u>	<u>815,010</u>	<u>(977,810)</u>

14. RECONCILIATION OF SHAREHOLDERS' FUNDS

	<u>30 Sept</u> <u>2002</u> £	<u>30 Sept</u> <u>2001</u> £
(Loss)/Profit for the year	(1,597,373)	379,080
Net proceeds of shares issued in year	2,500	1,250,529
Net movement in shareholders' funds	<u>(1,594,873)</u>	<u>1,629,609</u>
Opening shareholders' funds	2,172,278	542,669
Closing shareholders' funds (equity)	<u>577,405</u>	<u>2,172,278</u>

NOTES TO THE FINANCIAL STATEMENTS

15. ACQUISITION OF SUBSIDIARIES**Cater Barnard Securities Limited**

On 30 September 2002 the Group acquired 100% of the issued share capital of Cater Barnard Securities Limited from Cater Barnard plc.

The acquisition has been accounted for using the acquisition method.

The summarised profit and loss account of Cater Barnard Securities Limited from the beginning of its accounting period to 30 September 2002, the date of acquisition, is as follows:

	£
Turnover	-
Operating loss	<u>(4,785)</u>
Loss on ordinary activities before taxation	<u>(4,489)</u>
Tax on ordinary activities	-
Loss on ordinary activities after taxation	<u>(4,489)</u>

The consolidated assets and liabilities of Cater Barnard Securities Limited as at 30 September 2002 are set out below:

	<u>Book Value</u>	<u>Fair Value</u> <u>Adjustments</u>	<u>Fair Value</u>
	£	£	£
Intangible fixed assets	4,200	-	4,200
Debtors	44,779	-	44,779
Bank	3,732	-	3,732
Creditors	(3,000)	-	(3,000)
Net assets acquired	<u>49,711</u>	<u>-</u>	<u>49,711</u>
Goodwill			<u>3,484</u>
			<u>53,195</u>
Satisfied by:			
Cash consideration			53,195
Acquisition expenses			-
			<u>53,195</u>

The goodwill has been carried forward as an intangible fixed asset.

NOTES TO THE FINANCIAL STATEMENTS

16. NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>30 Sept</u> <u>2002</u>	<u>30 Sept</u> <u>2001</u>
	£	£
Operating (loss)/profit	(186,752)	503,274
Loss on disposal of subsidiary	-	170,559
Depreciation	1,229	462
Amortisation	105,748	49,591
Decrease in stocks and work in progress	-	49,909
Decrease/(Increase) in debtors	355,628	(119,164)
Increase in creditors	35,855	61,484
Net cash inflow from operating activities	<u>311,708</u>	<u>716,115</u>

17. RECONCILIATION OF CHANGE IN CASH TO MOVEMENT IN NET FUNDS

	<u>2002</u>	<u>2001</u>
	£	£
(Decrease)/Increase in cash in the period	(13,732)	37,848
Decrease in finance leases	-	33,805
Movement in net (debt)/funds in the period	<u>(13,732)</u>	<u>71,653</u>

18. ANALYSIS OF NET CASH AND DEBT

	<u>30 Sept</u> <u>2001</u>	<u>Cashflow</u>	<u>30 Sept</u> <u>2002</u>
	£	£	£
Cash at bank	31,556	(13,732)	17,824
	<u>31,556</u>	<u>(13,732)</u>	<u>17,824</u>
Finance leases	-	-	-
Net funds	<u>31,556</u>	<u>(13,732)</u>	<u>17,824</u>

NOTES TO THE FINANCIAL STATEMENTS
19. SIGNIFICANT NON CASH TRANSACTIONS

During the 15 months ended 30 September 2001, Ordinary shares were issued at a deemed consideration of £445,114 to acquire investments and £766,665 to acquire subsidiary undertakings. There were no significant non cash transactions in the year ended 30 September 2002.

20. FINANCIAL INSTRUMENTS(a) **Policies and risks**

The Group's financial instruments comprise equity investments, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of holding equity investments is to achieve capital growth and realise profits on their disposal.

The main risk arising from the Group's financial instruments are liquidity risk and changes in market values. The Group has not entered into any derivative transactions. The equity investments held by the Group are susceptible to changes in value arising from market factors. The performance of each investment and the ability to liquidate it are constantly monitored by the Directors and its advisers.

The Group is also subject to foreign exchange risk in respect of its investments and trading in the United States of America. The Group does not undertake any foreign exchange hedging activities at present but keeps the risk exposure under review. The Directors consider that there is no significant interest rate risk, to warrant hedging instruments.

Short-term debtors and creditors have been excluded from the disclosures.

(b) **Interest rate risk profile of financial liabilities**

	<u>Total</u>	<u>Fixed rate</u> <u>Financial</u> <u>Liabilities</u>	<u>Floating</u> <u>Rate</u> <u>Financial</u> <u>Liabilities</u>	<u>Weighted</u> <u>Average</u> <u>Interest</u> <u>Rate</u>	<u>Weighted</u> <u>Average</u> <u>Period for</u> <u>which</u> <u>Rate is</u> <u>Fixed</u> <u>Years</u>
Currency	\$	\$	\$	%	
US Dollars					
<u>30 September 2002</u>					
Other creditors	216,203	-	216,203	-	-
<u>30 September 2001</u>	-	-	-	-	-

This creditor is interest free.

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk profile of financial assets

	<u>Total</u>	<u>Floating Rate Financial Assets</u>	<u>Equity Investments</u>	<u>Financial assets on which no interest is earned</u>
<u>30 September 2002</u>				
Currency – US Dollars	\$	\$	\$	\$
Cash at bank	13,057	-	-	13,057
Investments	2,264	-	2,264	-
Currency – GB Sterling	£	£	£	£
Cash at bank	4,767	-	-	4,767
<u>30 September 2001</u>				
Currency – US Dollars	\$	\$	\$	\$
Cash at bank	19,777	17,241	-	2,536
Investments	1,166,898	-	1,166,898	-
Currency – GB Sterling	£	£	£	£
Cash at bank	11,779	-	-	11,779

Floating rate financial assets comprise cash deposits on overnight deposit at variable short-term rates, ranging from 1.266% to 4.25%. The equity investments are held for long-term growth and will attract dividends when voted by the investment vehicles.

(d) Fair value of financial liabilities and financial assets

	<u>30 Sept 2002</u>		<u>30 Sept 2001</u>	
	<u>Book value</u>	<u>Fair Value</u>	<u>Book value</u>	<u>Fair Value</u>
	£	£	£	£
Short-term borrowings	-	-	-	-
Long-term borrowings	139,515	139,515	-	-
Cash	17,824	17,824	31,556	31,556
Investments	2,264	2,264	1,166,898	1,166,898

The fair value of financial liabilities is based on market rates of interest.

NOTES TO THE FINANCIAL STATEMENTS
20. **FINANCIAL INSTRUMENTS (continued)**(e) **Borrowing facilities**

The Group have agreed with their bankers, borrowing facilities, which were undrawn at the year end of:

	<u>30 Sept</u> <u>2002</u> £	<u>30 Sept</u> <u>2001</u> £
Expiring within one year	-	-
	<u> </u>	<u> </u>

21. **CAPITAL COMMITMENTS**

The Group had no capital commitments at 30 September 2002 or 2001.

22. **RELATED PARTY TRANSACTIONS**

During the year, the company charged consultancy fees of £166,109 (2001: £860,000) to Dialog Group Inc. (formerly IMX Pharmaceuticals Inc.), and at the year end they owed the company £42,113 (2001: £280,000). Stephen Dean and Adrian Stecyk are directors of Dialog Group Inc.

The company was charged directors fees of £12,000 (2001: £nil) by Clayworth Group SA, a company in which Stephen Dean has an interest. At the year end, the company owed £14,100 (2001: £nil) to Clayworth Group SA.

23. **PENSION CONTRIBUTIONS**

The Company does not operate a pension scheme. The US trading subsidiary operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are invested and managed independently of the finances of the Group. There were no outstanding liabilities at the balance sheet date.