



Report and Accounts

for the period ended 31 December 2001



Report and Accounts

for the period ended 31 December 2001

Contents

Corporate Directory	2
Chairman's Statement	3
Report of the Directors	4
Statement of Directors' Responsibilities	7
Independent Auditors' Report	8
Profit and Loss Account	9
Balance Sheet	10
Cash Flow Statement	11
Notes to the Financial Statements	12
Notice of Annual General Meeting	16

Corporate Directory

Directors	Geoffrey Dart (Executive Chairman) John Maundrell (Executive Director) Stephen Komlosy (Non-executive Director) Keith Weaver (Non-executive Director) Peter Cotgrove (Non-executive Director) James Fleming (Non-executive Director)	
Secretary	Keith Weaver	
Registered Office	The Business Centre Edward Street Redditch Worcestershire B97 6HA	
Nominated Adviser	John East & Partners Limited 28-30 Worship Street London EC2A 2AH	
Broker	Insinger Townsley 44 Worship Street London EC2A 2JT	
Solicitors	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA	Wallace & Partners One Portland Place London W1B 1PN
Auditors	PKF New Guild House 45 Great Charles Street Queensway Birmingham B3 2LX	
Registrars	Capita IRG plc Balfour House 390-398 High Road Ilford Essex IG1 1NQ	
Bankers	Lloyds TSB Bank Plc Church Green East Redditch Worcestershire B98 8BZ	Anglo Irish Bank Corporation Plc 10 Old Jewry London EC2R 8DN

Chairman's Statement

for the period ended 31 December 2001

I am pleased to present Airow's first Report and Accounts, which cover the period from incorporation on 17 July 2000 to 31 December 2001. This represents my first duty as your Chairman, having assumed that role in an executive capacity on 28 February 2002.

The result for the period under review was a loss before taxation of £51,689 and a basic loss per share of 0.79p. No dividend is recommended. These figures reflect the fact that Airow has not yet traded and that termination payments were made during the period to a former director and employee. The company's sole source of income to date has been deposit interest on the funds raised through a placing of new shares when its shares were admitted to trading on the Alternative Investment Market ("AIM") in October 2000.

Net assets at 31 December 2001 were £1,327,751, equivalent to 19.53p per share. Cash at bank, currently amounting to £1,325,305 (equivalent to 19.49p per share), remains Airow's principal asset.

Shareholders will recall that at the time of Airow's admission to AIM, the company's stated objective was "to build, largely through acquisition, an international group specialising in providing support services to the transportation sector". The company considered many acquisition opportunities during the period under review but without identifying one that was considered sufficiently interesting to present to shareholders.

Generally, there has been little institutional appetite over the period for all but the most attractive potential deals, particularly where an associated equity fundraising might be required. The Board continues to restrict overheads to a minimum and, although the company has inevitably suffered in recent months from the significant reduction in interest rates, in broad terms shareholder net asset value has been maintained.

Certain changes have recently taken place in respect of Airow's share ownership and Board composition. It was first announced on 17 January 2002 that Airow's main shareholder, Delphic Global Opportunities Fund Limited ("Delphic"), had reduced its holding to 62.07 per cent. by a disposal of 14.99 per cent. to London & Boston Investments plc ("London & Boston"), and that I had been appointed to the Board as a Non-executive Director. It was later announced on 7 February 2002 that Delphic had further reduced its holding to 52.08 per cent. by a disposal to London & Boston of a further 9.99 per cent., and that Stephen Komlosy had been appointed to the Board as a Non-executive Director. Both disposals were effected at a price of 29.9p per share. On 28 February 2002 Jeff Trendell resigned as Non-executive chairman and as a director. I thank him for his service to the company. On the same day, Peter Cotgrove and James Fleming joined the board as Non-executive Directors.

The newly constituted board intends to examine appropriate ways to maximise shareholder value.

Geoffrey Dart
Executive Chairman



1 March 2002

Report of the Directors

for the period ended 31 December 2001

The Directors present their report together with the audited financial statements for the period from incorporation on 17 July 2000 to 31 December 2001.

PRINCIPAL ACTIVITIES

The company's main activity is planned to be that of a holding and investment company. Suitable acquisitions are still being sought and, at present, the company has no subsidiaries.

CHANGE OF NAME

The company was originally incorporated on 17 July 2000 as Forecastexpand Public Limited Company and changed its name on 11 September 2000 to Airow PLC.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

A review of the company's business and future developments is contained within the Chairman's Statement on page 3.

RESULTS AND DIVIDENDS

The loss for the period on ordinary activities before tax was £51,689. The Directors are not recommending the payment of any dividend.

SHARE CAPITAL

Details of the share capital are given in notes 10 and 11 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the period and their interests in the company's Ordinary Shares were as follows:

	At 31 December 2001 No.	At date of appointment No.
J Trendell (appointed 30 August 2000 and resigned 28 February 2002)	120,000	120,000
J W Maundrell (appointed 1 February 2001)	—	—
K Weaver (appointed 30 August 2000)	120,000	120,000
P E Whelan (appointed 30 August 2000 and resigned 4 January 2001)	120,000	120,000

In addition Swift Incorporations Limited and Instant Companies Limited were appointed directors on 17 July 2000 and resigned on 30 August 2000.

The options granted over ordinary shares to Directors are as follows:

	Date of Grant	Granted during the period No.	At 31 December 2001 No.	Exercise price
J Trendell	27 September 2000	50,000	50,000	25p
J W Maundrell	1 February 2001	200,000	200,000	24.9p
K Weaver	27 September 2000	50,000	50,000	25p
		300,000	300,000	

The above options are exercisable in whole or part at any time during the period between three months after completion of the company's first acquisition and the tenth anniversary of the date of the grant.

G Dart was appointed a director on 17 January 2002 and S Komlosy was appointed a director on 7 February 2002. P Cotgrove and J Fleming were appointed as directors on 28 February 2002.

G Dart, S Komlosy and P Cotgrove are directors of London & Boston Investments Plc which has a beneficial holding representing 24.98 per cent. of the issued share capital of the company.

Report of the Directors

continued

CORPORATE GOVERNANCE

As Airow is not a fully listed company, it is not required to comply with the Code of Best Practice published by the Committee on the Financial Aspects of Corporate Governance ("the Combined Code"). However, the Directors do place a high degree of importance on ensuring that high standards of corporate governance are maintained. As a result, most of the relevant principles set out in the Combined Code have been adopted during the period and these are summarised below.

Directors

The company supports the concept of an effective Board leading and controlling the company. The Board is responsible for approving the company's policy and strategy. It meets frequently and receives and reviews on a timely basis financial and operating information appropriate to being able to discharge its duties. Directors are free to seek any further information they consider necessary. All directors appointed prior to the last AGM in November 2001 submitted themselves for re-election at that AGM and thereafter submit themselves for re-election every three years by rotation in accordance with the Articles of Association. Given the size of the company it is not considered appropriate that there should be a separate nomination committee. It is the view of the Board that the appointment of new Directors should be a matter for consideration by the Board as a whole. All appointments to the Board are subject to confirmation by shareholders at the following AGM.

Relations with Shareholders

The company values the views of its shareholders and recognises their interest in the company's strategy and performance. The Board is available to discuss current events with its institutional and private shareholders and positively encourages attendance at General Meetings.

Audit Committee

The principal functions of the Audit Committee are to review the interim and annual accounts before they are presented to the Board and to review the effectiveness of the company's internal control and risk management systems. The Audit Committee comprises the company's Non-executive Directors from time to time. Currently it comprises Keith Weaver (Chairman) and Stephen Komlosy.

Remuneration Committee

The Remuneration Committee comprises the company's Non-executive Directors from time to time. Currently it comprises Stephen Komlosy (Chairman) and Keith Weaver. Details of the Directors' emoluments are set out in the financial statements. However, there is no separate report of the Remuneration Committee. It is the company's policy that the remuneration of Directors should be commensurate with services provided by them to the company.

Going Concern

As part of its regular assessment of the prospects for the company, the Board reviews a detailed one-year plan and further projections. As a result of such consideration the Directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal Financial Control and Risk Management

The Directors are responsible for the company's system of internal financial control and also for identifying the major business risks faced by the company. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material mis-statement or loss. In fulfilling these responsibilities, the Board has reviewed the effectiveness of the system of internal financial control. The Directors have established procedures for planning and budgeting, for monitoring, on a regular basis, the performance of the company and for determining the appropriate course of action to manage any major business risks.

Report of the Directors

continued

SUPPLIER PAYMENT POLICY

Provided there are no disputes concerning the supply of goods or services it is the company's normal practice to pay suppliers in accordance with their agreed terms and conditions.

At the period end trade creditors amounted to 10 days.

POLITICAL AND CHARITABLE DONATIONS

There were no political or charitable donations made during the period.

AUDITORS

PKF were initially appointed auditors to the company and this appointment was confirmed at the AGM held on 28 November 2001.

A resolution is to be proposed at the forthcoming AGM for the re-appointment of PKF as auditors of the company.

By order of the Board

K Weaver
Company Secretary



1 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 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;
- 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 financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' Report and other information included in the Report and Accounts is prepared in accordance with the law in the United Kingdom.

Independent Auditors' Report

to the shareholders of Airow PLC

We have audited the financial statements of Airow PLC for the period ended 31 December 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under 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 responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom 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 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 with the company is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 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 31 December 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


PKF

Registered Auditor

Birmingham, UK

1 March 2002

Profit and Loss Account

for the period ended 31 December 2001

	Notes	2001 £
OPERATING EXPENSES		<u>(134,744)</u>
OPERATING LOSS		<u>(134,744)</u>
Interest receivable	2	<u>83,055</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(51,689)</u>
Taxation	4	<u>—</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(51,689)</u>
LOSS PER SHARE	7	
– basic		0.79p
– diluted		<u>0.80p</u>

All amounts relate to continuing activities. The company had no recognised gains or losses other than the loss for the period.

Balance Sheet

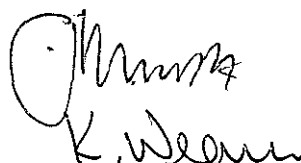
as at 31 December 2001

	Notes	2001 £
CURRENT ASSETS		
Debtors and prepayments	8	9,722
Cash at bank and in hand		1,325,991
		<u>1,335,713</u>
CREDITORS		
Amounts falling due within one year	9	(7,962)
NET CURRENT ASSETS		<u>1,327,751</u>
CAPITAL AND RESERVES		
Share capital	10	340,000
Share premium account	12	1,039,440
Profit and loss account	12	(51,689)
EQUITY SHAREHOLDERS' FUNDS	13	<u>1,327,751</u>

Approved by the Board on 1 March 2002
and signed on its behalf by:

J W Maundrell
K Weaver

Directors



Cash Flow Statement

for the period ended 31 December 2001

	Notes	2001 £
Net cash outflow from operating activities	A	(130,786)
Return on investments and servicing of finance	B	77,337
Capital expenditure and financial investment		—
Cash outflow before use of liquid resources and financing		(53,449)
Financing	B	1,379,440
Increase in cash	C	1,325,991

Notes to the Cash Flow Statement

A RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2001 £
Operating loss	(134,744)
Increase in debtors	(4,004)
Increase in creditors	7,962
	(130,786)

B ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2001 £
Returns on investments and servicing of finance	
Interest received	77,337
Net cash inflow for returns on investments and servicing of finance	77,337
Financing	
Issue of ordinary share capital	1,500,000
Expenses of issue of ordinary share capital	(120,560)
Net cash inflow from financing	1,379,440

C ANALYSIS OF NET FUNDS

	Cashflow in the period and at 31 December 2001 £
Cash at bank	1,325,991

D RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2001 £
Increase in cash in the period	1,325,991
Net funds at 17 July 2000	—
Net funds at 31 December 2001	1,325,991

Notes to the Financial Statements

for the period ended 31 December 2001

1. ACCOUNTING POLICIES

a. Basis of accounting

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

b. Deferred taxation

Deferred taxation is provided to the extent that it is considered probable that a liability will crystallise.

2. INTEREST RECEIVABLE

2001

£

On bank deposits

83,055

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

2001

£

The loss is stated after charging:

Directors' emoluments (see note 5)

69,083

Auditors' remuneration – audit fee

2,750

Auditors' remuneration – other services

12,125

4. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge arising due to the loss for the period.

5. DIRECTORS' EMOLUMENTS

2001

£

In aggregate

Directors' emoluments

50,333

Compensation payment

18,750

69,083

6. STAFF COSTS

2001

£

Wages and salaries (including Directors' fees)

76,583

Social security costs

3,547

80,130

The average number of persons employed by the company during the period was less than one.

7. LOSS PER SHARE

The loss per share is based on the loss for the period of £51,689 and the weighted average number of shares in issue during the period of 6,575,965. The diluted loss per share is based on 6,875,965 ordinary shares, which takes into account the theoretical ordinary shares that would have been issued based on average market value if all the outstanding options were issued.

Cash Flow Statement

for the period ended 31 December 2001

	Notes	2001 £
Net cash outflow from operating activities	A	(130,786)
Return on investments and servicing of finance	B	77,337
Capital expenditure and financial investment		—
Cash outflow before use of liquid resources and financing		(53,449)
Financing	B	1,379,440
Increase in cash	C	<u>1,325,991</u>

Notes to the Cash Flow Statement

A RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2001 £
Operating loss	(134,744)
Increase in debtors	(4,004)
Increase in creditors	7,962
	<u>(130,786)</u>

B ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2001 £
Returns on investments and servicing of finance	
Interest received	77,337
Net cash inflow for returns on investments and servicing of finance	<u>77,337</u>
Financing	
Issue of ordinary share capital	1,500,000
Expenses of issue of ordinary share capital	(120,560)
Net cash inflow from financing	<u>1,379,440</u>

C ANALYSIS OF NET FUNDS

	Cashflow in the period and at 31 December 2001 £
Cash at bank	<u>1,325,991</u>

D RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2001 £
Increase in cash in the period	1,325,991
Net funds at 17 July 2000	—
Net funds at 31 December 2001	<u>1,325,991</u>

Notes to the Financial Statements

for the period ended 31 December 2001

1. ACCOUNTING POLICIES

a. Basis of accounting

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

b. Deferred taxation

Deferred taxation is provided to the extent that it is considered probable that a liability will crystallise.

2. INTEREST RECEIVABLE

	2001 £
On bank deposits	83,055

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £
The loss is stated after charging:	
Directors' emoluments (see note 5)	69,083
Auditors' remuneration – audit fee	2,750
Auditors' remuneration – other services	12,125

4. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge arising due to the loss for the period.

5. DIRECTORS' EMOLUMENTS

	2001 £
In aggregate	
Directors' emoluments	50,333
Compensation payment	18,750
	69,083

6. STAFF COSTS

	2001 £
Wages and salaries (including Directors' fees)	76,583
Social security costs	3,547
	80,130

The average number of persons employed by the company during the period was less than one.

7. LOSS PER SHARE

The loss per share is based on the loss for the period of £51,689 and the weighted average number of shares in issue during the period of 6,575,965. The diluted loss per share is based on 6,875,965 ordinary shares, which takes into account the theoretical ordinary shares that would have been issued based on average market value if all the outstanding options were issued.

Notes to the Financial Statements

continued

8. DEBTORS

	2001 £
Other debtors	2,091
Prepayments and accrued income	7,631
	<u>9,722</u>

9. CREDITORS

Amounts falling due within one year

	2001 £
Trade creditors	1,053
Accruals	6,909
	<u>7,962</u>

10. SHARE CAPITAL

Ordinary shares of 5p each	Number	2001 £
Authorised	8,000,000	400,000
Issued and fully paid	<u>6,800,000</u>	<u>340,000</u>

11. SHARES ALLOTTED

Movement in shares during the period were as follows:

Date	Number	Value of consideration £	Nominal value £	Share premium £
17 July 2000 (see below)	40	2	2	—
22 September 2000	999,960	49,998	49,998	—
10 October 2000	5,800,000	1,450,000	290,000	1,160,000
	<u>6,800,000</u>	<u>1,500,000</u>	<u>340,000</u>	<u>1,160,000</u>
Cost of public offer for subscription				(120,560)
				<u>1,039,440</u>

2 £1 Ordinary shares were issued on incorporation on 17 July 2000 at par. On 22 September 2000 each of these, together with the remaining unissued shares, were subdivided into 20 Ordinary shares of 5p each.

Notes to the Financial Statements

continued

12. RESERVES

	Share premium account £	Profit and loss account £
Premium on issue of shares (see note 11)	1,039,440	–
Loss for the period	–	(51,689)
At end of period	<u>1,039,440</u>	<u>(51,689)</u>

13. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2001 £
Loss for the period	(51,689)
New share capital subscribed – nominal value	340,000
– share premium	1,039,440
Opening shareholders' funds	–
Closing shareholders' funds	<u>1,327,751</u>

14. FINANCIAL INSTRUMENTS

The company's financial instruments, other than derivatives, comprise cash and liquid resources as well as items such as trade debtors and trade creditors that arise directly from the company's operations. The main purpose of these financial instruments is to provide finance for the company's operations.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest Rate Risk

The company finances its operations through the use of cash deposits at variable rates of interest for a variety of short term periods depending on cash requirements. The rates are reviewed regularly and the best rate obtained in the context of the company's need. The weighted average interest rate earned in the period on the company's sterling deposits was 5.1%.

(b) Liquidity Risk

The company's policy throughout the period has been to ensure that it has adequate liquidity by careful management of its working capital.

The interest rate exposure of the company's cash deposits and overdraft facilities was as follows:

	31 December 2001 £
Sterling cash deposit	<u>1,325,991</u>

Notes to the Financial Statements

continued

12. RESERVES

	Share premium account £	Profit and loss account £
Premium on issue of shares (see note 11)	1,039,440	–
Loss for the period	–	(51,689)
At end of period	1,039,440	(51,689)

13. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2001 £
Loss for the period	(51,689)
New share capital subscribed – nominal value	340,000
– share premium	1,039,440
Opening shareholders' funds	–
Closing shareholders' funds	1,327,751

14. FINANCIAL INSTRUMENTS

The company's financial instruments, other than derivatives, comprise cash and liquid resources as well as items such as trade debtors and trade creditors that arise directly from the company's operations. The main purpose of these financial instruments is to provide finance for the company's operations.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest Rate Risk

The company finances its operations through the use of cash deposits at variable rates of interest for a variety of short term periods depending on cash requirements. The rates are reviewed regularly and the best rate obtained in the context of the company's need. The weighted average interest rate earned in the period on the company's sterling deposits was 5.1%.

(b) Liquidity Risk

The company's policy throughout the period has been to ensure that it has adequate liquidity by careful management of its working capital.

The interest rate exposure of the company's cash deposits and overdraft facilities was as follows:

	31 December 2001 £
Sterling cash deposit	1,325,991

Notes to the Financial Statements

continued

8. DEBTORS

	2001 £
Other debtors	2,091
Prepayments and accrued income	7,631
	<u>9,722</u>

9. CREDITORS

Amounts falling due within one year	2001 £
Trade creditors	1,053
Accruals	6,909
	<u>7,962</u>

10. SHARE CAPITAL

Ordinary shares of 5p each	Number	2001 £
Authorised	8,000,000	400,000
Issued and fully paid	6,800,000	<u>340,000</u>

11. SHARES ALLOTTED

Movement in shares during the period were as follows:

Date	Number	Value of consideration £	Nominal value £	Share premium £
17 July 2000 (see below)	40	2	2	—
22 September 2000	999,960	49,998	49,998	—
10 October 2000	5,800,000	1,450,000	290,000	1,160,000
	<u>6,800,000</u>	<u>1,500,000</u>	<u>340,000</u>	<u>1,160,000</u>
Cost of public offer for subscription				(120,560)
				<u>1,039,440</u>

2 £1 Ordinary shares were issued on incorporation on 17 July 2000 at par. On 22 September 2000 each of these, together with the remaining unissued shares, were subdivided into 20 Ordinary shares of 5p each.

Notes to the Financial Statements

continued

15. RELATED PARTY TRANSACTIONS

The services of J Trendell were provided through Syan Holdings Limited a company of which Mr Trendell is a director. Total costs charged during the period amounted to £15,318.

The services of K Weaver were provided through Optima Business Development Limited a company of which Mr Weaver is a director. Total costs charged during the period amounted to £15,716.

16. ULTIMATE CONTROLLING PARTY

The company's immediate controlling party is Delphic Global Opportunities Fund Limited, a company incorporated in the British Virgin Islands. The directors have been informed that the company's ultimate parent company is Turicum Fund Management Company Limited, a company incorporated in the British Virgin Islands, and that Mr Beat Kälin is the ultimate controlling party of that company.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the company will be held at John East & Partners Limited, Crystal Gate, 28-30 Worship Street, London EC2A 2AH on 27 March 2002 at 2.00 pm for the transaction of the following ordinary business:

1. To approve the audited accounts for the company for the period ended 31 December 2001.
2. To reappoint Geoffrey Dart as a director who, having been appointed since the last AGM retires and, being eligible, offers himself for re-election.
3. To reappoint Stephen Komlosy as a director who, having been appointed since the last AGM retires and, being eligible, offers himself for re-election.
4. To reappoint Peter Cotgrove as a director who, having been appointed since the last AGM retires and, being eligible, offers himself for re-election.
5. To reappoint James Fleming as a director who, having been appointed since the last AGM retires and, being eligible, offers himself for re-election.
6. To reappoint Keith Weaver as a director who, retiring by rotation in accordance with the articles of association of the company and being eligible, offers himself for re-election.
7. To reappoint PKF as auditors of the company and to authorise the directors to fix their remuneration.

and the following special business:

8. An ordinary resolution that, in substitution for all other existing authorities pursuant to Section 80 of the Companies Act 1985 ("the Act"), the directors of the company be and are hereby generally and unconditionally authorised to exercise all the powers of the company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal value of £60,000, being the nominal value of the authorised, but unissued share capital, during the period expiring on the date which is 15 months from the date of this Resolution or, if earlier, the date of the next AGM of the company after the passing of this Resolution, save that the company may at any time, before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors of the company may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
9. A special resolution that the directors be authorised pursuant to Section 95 of the Companies Act 1985 ('Act') to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the Section 80 authority granted by the resolution passed today as if Section 89(1) of the Act did not apply to any such allotment, such power to expire on the earlier of the next AGM of the company and 26 June 2003. The power is limited to:
 - 9.1 the allotment of equity securities for cash in connection with right issues to holders of ordinary shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective number of ordinary shares held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any fractional entitlement or any legal or practical problems under law of, or the requirements of any regulatory body or any recognised stock exchange in, any territory; and
 - 9.2 the allotment for cash (other than pursuant to 9.1 above) of equity securities up to a maximum aggregate nominal amount of £17,000 (being equal to 5 per cent. of the issued ordinary share capital of the company).

provided that the company may, before the expiry of this power, make an offer or agreement which would or might require equity securities to be allotted after the expiry of this power and the directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.
10. To transact any other business of an AGM.

By order of the Board

Keith Weaver
Company Secretary

Registered office:
The Business Centre
Edward Street
Redditch
Worcestershire B97 6HA

1 March 2002

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote, on a poll, instead of him. A proxy need not be a member of the company.
2. A Form of Proxy is enclosed for your use if desired. The instrument appointing a proxy must reach the company's Registrars, Capita IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ by 2.00pm on 25 March 2002.
3. Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, the company specifies that only those shareholders of the company on the register at 6.00am on 25 March 2002 shall be entitled to attend or vote at the AGM in respect of the number of shares registered in their name at the time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

To be valid, Forms of Proxy for use at the meeting must be completed and returned so as to be received at the offices of the company's registrars, Capita IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ not later than 2.00pm on 25 March 2002.

The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the meeting should you wish to do so.