

**SUNTECH MEDICAL GROUP
LIMITED AND ITS SUBSIDIARY
UNDERTAKINGS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2001



SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 December 2001

Company registration number:	4038252
Registered office:	Laytons Carmelite 50 Victoria Embankment Blackfriars London EC4Y 0LS
Directors:	J K Laurie M S Lawson R R Woolley D C McBee
Secretary:	R Willcock
Bankers:	HSBC Bank Plc 65 Cornmarket Street Oxford OX1 3HY RBC Centura 3201 Beechleaf Court Suite 700 Raleigh NC 27604 USA
Solicitors:	Laytons Carmelite 50 Victoria Embankment Blackfriars London EC4Y 0LS
Auditors:	Grant Thornton Registered auditors Chartered accountants Central Milton Keynes

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 December 2001

INDEX	PAGE
Chairman's statement	1
Review of operations	2
Report of the directors	3
Principal accounting policies	4 - 5
Consolidated profit and loss account	6
Balance sheets	7
Notes to the financial statements	8 - 13
Report of the independent auditors	14

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

CHAIRMAN'S STATEMENT

For the year ended 31 December 2001

I present the first Annual report and Accounts for the new SunTech Medical Group Limited (SMG), following the reconstruction of Newport Technology Group Limited (NTG) at the end of the year 2000. Because of the reconstruction, it is now two years since you have received detailed information on the progress of SMG and on the last occasion it was as a division of NTG. I am therefore delighted to report two years of substantial progress to you.

Joining me on the new Group Board is Dayn McBee, Chief Executive Officer (CEO) of the main operating subsidiary of SMG, SunTech Medical Instruments Inc (SunTech), headquartered in Raleigh, North Carolina. Dayn is a qualified electrical engineer who has worked for the company in various capacities since 1985, progressing to becoming CEO at the beginning of 2000. The non executive directors comprise Shaun Lawson and Russell Woolley. Shaun, previously a director of NTG, has substantial experience in corporate finance and venture capital. Russell, previously Finance Director of NTG, was also closely involved with the restructuring and development of SunTech over the three years prior to the group reconstruction. Over the last year we have been progressively adding to and strengthening the operating management of SunTech. I am confident that we now have a team of people in place who will maintain the momentum of the business and grow it to become an industry leader in its chosen markets.

Turning to the financial performance of SMG for last year, consolidated sales at £3.57 million grew by 44% over the previous year. Gross profit at £2.31 million was 65% of sales, up 9 points from the 56% achieved in the previous year. The improvement reflects a full year of sales of our new *Oscar 2* ambulatory blood pressure (ABP) monitor and increased sales of *Advantage* modules. The cost of goods of both these products had a beneficial effect on consolidated margins as did the changes that were made to bring in-house final assembly and testing which was previously carried out by a third party. Operating profit at £350,000 was 10% of sales and compares very favourably with the year 2000 when break-even was achieved following losses incurred in the previous years while the company was restructured and refocused on new products and markets. The tax charge at £12,000 reflects UK taxation of £7,000 and the balance of £5,000 in the United States. We had considerable tax losses brought forward from previous years in the USA however that were available for offset, which explains the low overall charge. Further losses, estimated at in excess of \$2.3 million remain available to carry forward for offset in future years. Profits generated during the year, and close attention to working capital management, have resulted in an improvement in our cash position of £348,000. At the end of the year we had £500,000 of cash in the bank, partially offset by a bank term loan of £85,000, giving a strong net surplus position of £415,000.

The outlook for the current year is encouraging. While we noted a marked downturn in ordering and call-off following the tragic events of September 11th, we have seen a slow recovery in the first quarter of the current year. At the end of March this year our order book stood at over £1.8 million. The further plans we have in place for the development of the business, detailed in the following Review of Operations, provide a sound basis for believing that this year will see further growth in both sales and profitability.

Finally, on my behalf, and that of the Board, I would like to express my thanks to all SunTech employees for their hard work and commitment in making 2001 such a successful year for the company.

J K Laurie
Chairman

9 April 2002

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

REVIEW OF OPERATIONS

For the year ended 31 December 2001

Sales & Marketing

Our sales growth and profitability in 2001 was a direct result of the focus that we have maintained on our three product categories (ABP, stress test BP and OEM BP modules) and our continued investment in new products.

OEM BP modules continue to be our fastest growing market, experiencing over 200% growth in 2001 and constituting 43% of our total sales. Our modules have been incorporated into a range of customer products that require a BP measurement component and include patient defibrillators, multi-parameter patient monitors, impedance cardiography systems, anaesthesia delivery systems, telemetry monitors, etc. Our sales base for OEM BP modules is rapidly expanding and now includes customers throughout the USA, Europe and Japan.

Ambulatory BP also experienced strong growth in 2001 for both sales of SunTech labelled products (*Oscar 2* and *Accutacker*) and private labelled sales to our industry partners. In 2001, ABP sales were up 93% over the previous year. We expect to see a continued increase in sales of ABP products in 2002 with Medicare / Medicaid reimbursement for specific ABP use starting in the USA in April 2002.

Our *Tango* monitor continues to be the market leader in the Stress BP market. We have developed links to all of the leading ECG Stress manufacturers and continue to develop OEM relationships with these companies.

North America was our largest overall market in 2001, constituting 46% of total sales. This was followed closely by sales into the European market. We devoted considerable attention towards improving our dealer relations and establishing new dealers throughout Europe and the Pacific Rim. Western Europe continues to be an excellent market for us and we have begun to establish our position in the Eastern European market as well. After continued efforts and support, Japan has now become a significant market for us, both for SunTech labelled products as well as OEM opportunities.

During the course of the year we strengthened all aspects of our marketing department and have seen some immediate benefits through improved expertise in Product Management and the implementation of some innovative marketing campaigns.

Product Development

2001 was another busy year for the Engineering department with the development of two new oscillometric ambulatory BP monitors (*Pressure Trak* and a custom device for a major private label customer). Significant enhancements were made to our *Advantage* OEM module, including field reprogram-ability and developing an improved motion tolerance algorithm to permit greater patient mobility while still providing accurate blood pressure readings. A smaller version of the *Advantage*, termed the *Advantage Mini*, was also developed and is the world's smallest OEM BP module. Initial indications from the OEM marketplace have shown a very high level of interest in the new *Advantage* features and the *Advantage Mini*.

Continued product improvements are planned in 2002 for all of our products with special emphasis on *Tango* and improved motion tolerant algorithms.

Production

Our decision to bring final product assembly and testing in-house at the end of 2000 resulted in significantly improved delivery times and product quality in 2001. All products undergo rigorous testing to ensure each product meets customer requirements. Custom automated test equipment, developed in-house, provided product cost reductions by reducing test times and improving production yields.

We are well positioned to increase our production capacity in 2002 as our sales levels increase and new products are released to the market.

The Future

We expect 2002 to be another year of solid growth in sales and profits. Our plans for 2002 are to continue to focus on the development of our core product categories, improve customer service, and gain market intelligence and market share. We believe these efforts will enable us to continue to develop innovative and profitable products and maintain and develop our position as "The *motion tolerant* BP company".

Dayn McBee
Chief Executive Officer
SunTech Medical Instruments Inc.

9 April 2002

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

REPORT OF THE DIRECTORS

The company was incorporated on 27 July 2000. The directors present their report together with the audited financial statements for the period from incorporation to 31 December 2001. The financial statements have been prepared using merger accounting rules as though the group of companies existed from 1 January 2000.

Principal activity

The group is principally engaged in the sale of medical instruments.

Business review

There was a profit for the year after taxation amounting to £338,976 (2000: loss of £29,755). The directors do not recommend the payment of a dividend.

Directors

The present membership of the Board is set out below. The interests of the directors and their families in the shares of the company as at 31 December 2001 and at the date of incorporation (or appointment if later) were as follows:

	Ordinary shares of £1 each 2001	Share Options 2001
J K Laurie (appointed 13 November 2000)	107,782	-
J R Pickin (resigned 8 May 2001)	-	-
M S Lawson (appointed 6 March 2001)	5,950	-
R R Woolley (appointed 2 April 2001)	6,160	-
D C McBee (appointed 17 July 2001)	<u>1,100</u>	<u>87,500</u>

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 profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

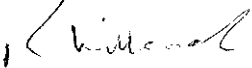
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton were appointed as first auditors to the company. A resolution to reappoint Grant Thornton as auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD


R Willcock
Company Secretary

9 April 2002

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The principal accounting policies of the group are set out below.

BASIS OF CONSOLIDATION

Suntech Medical Group Limited was incorporated on 27 July 2000. As part of a group reconstruction, it acquired, on a share-for-share exchange, the group headed by Newport Technology (USA) Inc from Newport Technology Group Limited on 13 December 2000. This reorganisation has been accounted for by merger accounting. This means that the profit and loss accounts for the years ended 31 December 2001 and 2000 and the balance sheets at those dates have been prepared as if the merger took place on 1 January 2000.

TURNOVER

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Freehold buildings	2%
Plant and machinery	15%
Fixtures, fittings and equipment	20-50%
Motor vehicles	15%

LEASED ASSETS

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

INVESTMENTS

Investments are included at cost.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

PRINCIPAL ACCOUNTING POLICIES

FOREIGN CURRENCIES

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

RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to profits in the period in which it is incurred.

CONTRIBUTIONS TO PENSION SCHEMES

Defined Contribution Schemes

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2001

	Note	2001 £	2000 £
Turnover	1	3,570,554	2,479,827
Cost of sales		<u>(1,258,830)</u>	<u>(1,086,422)</u>
Gross profit		2,311,724	1,393,405
Other operating charges	2	<u>(1,961,807)</u>	<u>(1,393,627)</u>
Operating profit/(loss)		349,917	(222)
Net interest	3	<u>848</u>	<u>5,714</u>
Profit on ordinary activities before taxation	1	350,765	5,492
Tax on profit on ordinary activities	5	<u>(11,789)</u>	<u>(35,247)</u>
Profit/(loss) retained and transferred to/(from) reserves	15	<u><u>338,976</u></u>	<u><u>(29,755)</u></u>

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

BALANCE SHEETS AT 31 DECEMBER 2001

	Note	Group		Company	
		2001	2000	2001	2000
		£	£	£	£
Fixed assets					
Tangible assets	7	284,489	142,522	-	-
Investments	8	-	-	115,948	115,948
		<u>284,489</u>	<u>142,522</u>	<u>115,948</u>	<u>115,948</u>
Current assets					
Stocks	9	485,294	535,511	-	-
Debtors	10	514,676	532,905	-	-
Cash at bank and in hand		500,087	151,764	-	-
		<u>1,500,057</u>	<u>1,220,180</u>	<u>-</u>	<u>-</u>
Creditors: amounts falling due within one year	11	<u>(220,642)</u>	<u>(276,260)</u>	<u>-</u>	<u>-</u>
Net current assets		<u>1,279,415</u>	<u>943,920</u>	<u>-</u>	<u>-</u>
Total assets less current liabilities		<u>1,563,904</u>	<u>1,086,442</u>	<u>115,948</u>	<u>115,948</u>
Creditors: amounts falling due after more than one year	12	<u>(79,290)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,484,614</u>	<u>1,086,442</u>	<u>115,948</u>	<u>115,948</u>
Capital and reserves					
Called up share capital	14	115,948	115,948	115,948	115,948
Profit and loss account	15	1,368,666	970,494	-	-
Shareholders' funds	16	<u>1,484,614</u>	<u>1,086,442</u>	<u>115,948</u>	<u>115,948</u>

The financial statements were approved by the Board of Directors on 9 April 2002 and signed on its behalf by

JK Laurie
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit on ordinary activities before taxation is attributable to the sale of medical instruments.

The profit on ordinary activities before taxation is stated after:

	2001 £	2000 £
Auditors' remuneration:		
Audit services	18,646	14,413
Non-audit services	13,893	3,334
Depreciation:		
Tangible fixed assets owned	47,266	37,374
Operating lease rentals	69,959	64,059
Research and development expenditure	<u>346,036</u>	<u>273,235</u>

2 OTHER OPERATING CHARGES

	2001 £	2000 £
Distribution costs	399,543	372,279
Administration expenses	1,663,035	1,075,727
Other operating income	<u>(100,771)</u>	<u>(54,379)</u>
	<u>1,961,807</u>	<u>1,393,627</u>

3 NET INTEREST

	2001 £	2000 £
On bank loans and overdrafts	1,300	-
Interest receivable	<u>(2,148)</u>	<u>(5,714)</u>
	<u>(848)</u>	<u>(5,714)</u>

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2001 £	2000 £
Wages and salaries	1,190,939	767,033
Social security costs	106,565	61,197
Other pension costs	<u>27,750</u>	<u>16,945</u>
	<u>1,325,254</u>	<u>845,175</u>

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

The average number of employees of the group during the year was:

	2001 Number	2000 Number
Production	23	16
Administration	13	12
	<u>36</u>	<u>28</u>

Remuneration in respect of directors was as follows:

	2001 £	2000 £
Emoluments	72,172	-
Pension contributions to money purchase pension schemes	1,226	-
	<u>73,398</u>	<u>-</u>

During the year one (2000: none) director participated in a money purchase pension scheme.

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the period and represents:

	2001 £	2000 £
Corporation tax at 22% (2000: 30%)	5,875	3,990
Group relief re related undertakings	-	32,000
Overseas tax	4,961	(743)
Adjustments in respect of prior year	953	-
	<u>11,789</u>	<u>35,247</u>

6 PROFIT FOR THE FINANCIAL PERIOD

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 parent company's profit for the year was £nil.

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2001	-	98,231	235,190	19,575	352,996
Additions	107,496	25,656	50,041	-	183,193
Exchange rate differences	-	3,949	7,867	787	12,603
At 31 December 2001	107,496	127,836	293,098	20,362	548,792
Depreciation					
At 1 January 2001	-	36,177	159,504	14,793	210,474
Provided in the year	815	14,742	29,876	1,833	47,266
Exchange rate differences	(11)	1,259	4,745	570	6,563
At 31 December 2001	804	52,178	194,125	17,196	264,303
Net book amount at 31 December 2001	106,692	75,658	98,973	3,166	284,489
31 December 2000	-	62,054	75,686	4,782	142,522

8 FIXED ASSETS INVESTMENTS

	Company 2001 £	Company 2000 £
Cost		
At 1 January 2001 and at 31 December 2001	115,948	115,948

At 31 December 2001 the group held interests in the following subsidiaries:

Name	Country of incorporation	Class of share capital held	Proportion held by paren company	the group	Nature of business
SunTech Medical Instruments Inc	USA	Common stock	100%		Sale of medical instruments
SunTech Medical Instruments Ltd	England and Wales	Ordinary	100%		Sale of medical instruments
Newport Technology (USA) Inc	USA	Common stock	100%		Non-trading
Newport Technology Inc	USA	Common stock	100%		Non-trading
SunTech Software Systems Inc	USA	Common stock	100%		Non-trading

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

9 STOCKS

	Group 2001 £	Company 2001 £	Group 2000 £	Company 2000 £
Raw materials and consumables	324,077	-	207,648	-
Work in progress	63,707	-	115,904	-
Finished goods and goods for resale	97,510	-	211,959	-
	<u>485,294</u>	<u>-</u>	<u>535,511</u>	<u>-</u>

10 DEBTORS

	Group 2001 £	Company 2001 £	Group 2000 £	Company 2000 £
Trade debtors	471,557	-	461,403	-
Amounts owed by related undertakings	1,168	-	22,079	-
Prepayments and accrued income	16,484	-	26,104	-
Other debtors	25,467	-	23,319	-
	<u>514,676</u>	<u>-</u>	<u>532,905</u>	<u>-</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2001 £	Company 2001 £	Group 2000 £	Company 2000 £
Bank loan	5,565	-	-	-
Trade creditors	63,523	-	134,287	-
Amounts owed to related undertakings	6,259	-	32,000	-
Corporation tax	5,875	-	4,000	-
Other taxation and social security	5,492	-	866	-
Accruals and deferred income	126,562	-	94,470	-
Other creditors	7,366	-	10,637	-
	<u>220,642</u>	<u>-</u>	<u>276,260</u>	<u>-</u>

The bank loan is secured.

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2001 £	Company 2001 £	Group 2000 £	Company 2000 £
Bank loan	<u>79,290</u>	<u>-</u>	<u>-</u>	<u>-</u>

The bank loan is secured.

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

13 BORROWINGS

Borrowings are repayable as follows:

	Group 2001 £	Company 2001 £	Group 2000 £	Company 2000 £
Within one year	5,565	-	-	-
After one and within two years	5,565	-	-	-
After two and within five years	73,725	-	-	-
	<u>84,855</u>	<u>-</u>	<u>-</u>	<u>-</u>

14 SHARE CAPITAL

	2001 £	2000 £
Authorised 100,000,000 Ordinary shares of 10p each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid 1,159,480 Ordinary shares of 10p each	<u>115,948</u>	<u>115,948</u>

15 PROFIT AND LOSS ACCOUNT

	Group £
At 1 January 2001	970,494
Exchange adjustment	59,196
Profit for the year	338,976
At 31 December 2001	<u>1,368,666</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2001 £	Group 2000 £	Company 2001 £	Company 2000 £
Issue of shares	-	115,948	-	115,948
Exchange adjustment	59,196	(189)	-	-
Profit/(loss) for financial year	338,976	(29,755)	-	-
Shareholders' funds at 1 January 2001	<u>1,086,442</u>	<u>1,000,438</u>	<u>115,948</u>	<u>-</u>
Shareholders' funds at 31 December 2001	<u>1,484,614</u>	<u>1,086,442</u>	<u>115,948</u>	<u>115,948</u>

17 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2001.

SUNTECH MEDICAL GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

18 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2001.

19 PENSIONS

Defined Contribution Schemes

The company operates defined contribution pension schemes for the benefit of certain employees. The assets of the schemes are administered by trustees in funds independent from those of the group. The pension cost charge for the year was £27,750 (2000: £16,945).

20 LEASING COMMITMENTS

Operating lease payments are due within one year as set out below. The leases to which these amounts relate expire as follows:

	2001 Land and buildings £	2001 Other £	2000 Land and buildings £	2000 Other £
In one year or less	-	714	-	463
Between one and five years	58,886	4,674	49,982	7,061
In five years or more	-	-	-	-
	<u>58,886</u>	<u>5,388</u>	<u>49,982</u>	<u>7,524</u>

21 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related party disclosures" and has not disclosed transactions with group undertakings.

During the year the group undertook transactions with NDSL Group Limited and its subsidiaries, a group related by being under common ownership and control. The group incurred charges in respect of building rentals and administration services of £44,411 during the year and received income in respect of the same matters of £23,475

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SUNTECH MEDICAL GROUP LIMITED

We have audited the financial statements of Suntech Medical Group Limited for the period ended 31 December 2001 which comprise the consolidated profit and loss account, the balance sheets and notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' 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 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 other information contained in the Annual Report and Accounts, and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's statement, Review of Operations and the report of the directors. 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 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 the affairs of the company and the group as at 31 December 2001 and of the profit for the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

CENTRAL MILTON KEYNES

9 April 2002