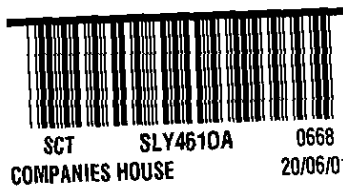


SOLEMOTION LIMITED

Report and Financial Statements

Year ended 30 September 2000

**Deloitte & Touche
2 Queen's Terrace
Aberdeen
AB10 1XL**



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REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

JA Clark
M Addison

SECRETARY, SOLICITORS AND REGISTERED OFFICE

Paull & Williamsons
6 Union Row
Aberdeen
AB10 1DQ

BANKERS

Clydesdale Bank
Queen's Cross Branch
1 Queens Cross
Aberdeen

AUDITORS

Deloitte & Touche
2 Queen's Terrace
Aberdeen
AB10 1XL

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2000.

ACTIVITIES

The principal activities of the company are investment in quoted and unquoted securities and the provision of management services.

RESULTS AND TRANSFERS TO RESERVES

The profit for the year/period after taxation amounted to £39,122 (1999: £5,317). The directors recommend that the retained profit after appropriations for the year/period of £36,222 (1999: £966) is transferred to reserves.

FUTURE PROSPECTS

The directors are continuing to look for appropriate opportunities and are confident of the future prospects of the business.

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on Page 1.

On 21 February 2000 M Addison was appointed a director.

The directors' interests, as defined by the Companies Act 1985, in the shares of the company at 1 October 1999 and at 30 September 2000 are as follows:

	10% Cumulative redeemable preference shares		Ordinary shares of £1 each	
	2000 £	1999 £	2000 £	1999 £
JA Clark	29,008	29,008	98	100
M Addison	-	-	2	-

P&W Trustees (Aberdeen) Limited hold one share as a nominee of JA Clark.

AUDITORS

A resolution to reappoint Deloitte & Touche as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Director

J A. Clark

Director
11 June 2001

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

AUDITORS' REPORT TO THE MEMBERS OF

SOLEMOTION LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of director and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

13 June 2001

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2000

			Period from 1 April 1998 to 30 September 1999
	Note	2000 £	£
TURNOVER: continuing operations	2	127,471	160,479
Administrative expenses		107,912	147,843
Other operating income		(33,938)	(13,471)
		<u>73,974</u>	<u>134,372</u>
OPERATING PROFIT: continuing operations	4	53,497	26,107
Interest payable and similar charges	5	11,542	26,694
		<u>41,955</u>	<u>(587)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			
Tax on profit/(loss) on ordinary activities	6	2,833	(5,904)
		<u>39,122</u>	<u>5,317</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR/PERIOD			
Dividends and appropriations	7	2,900	4,351
		<u>36,222</u>	<u>966</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR/PERIOD			

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 September 2000

	2000 £	Period From 1 April 1998 to 30 September 1999 £
Profit for the financial period	39,122	5,317
Unrealised surplus on revaluation of unlisted investment	339,930	253,000
Total recognised gains relating to the period	379,052	258,317

BALANCE SHEET
At 30 September 2000

		2000 £	1999 £
	Note		
FIXED ASSETS			
Tangible assets	8	66	489
Investments	9	933,473	594,001
		<u>933,539</u>	<u>594,490</u>
CURRENT ASSETS			
Debtors	10	106,109	72,768
CREDITORS: amounts falling due within one year	11	<u>151,446</u>	<u>158,108</u>
NET CURRENT LIABILITIES		<u>(45,337)</u>	<u>(85,340)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>888,202</u>	<u>509,150</u>
CAPITAL AND RESERVES			
Called up share capital	12	29,158	29,158
Revaluation reserve	13	877,930	538,000
Other reserve	14	18,870	-
Profit and loss account		<u>(37,756)</u>	<u>(58,008)</u>
TOTAL SHAREHOLDERS' FUNDS	15	<u>888,202</u>	<u>509,150</u>
Analysed as:			
Equity shareholder's funds		840,324	464,352
Non-equity shareholders' funds		<u>47,878</u>	<u>44,798</u>
		<u>888,202</u>	<u>509,150</u>

These financial statements were approved by the director on 11 June 2001.



Director

NOTES TO THE ACCOUNTS**Year ended 30 September 2000****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain investments.

Exemption from preparation of consolidated accounts

The company has claimed exemption permitted by Section 248 of the Companies Act 1985 from the preparation of consolidated financial statements as it is a medium sized group as defined by Section 247 of the Companies Act 1985.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Office equipment	25% per annum
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Investments

Investments held as fixed assets are stated at cost or valuation in the case of certain unlisted investments less provisions for impairment in value.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

Turnover arises wholly from the principal activities of the company within the United Kingdom and is stated net of Value Added Tax.

NOTES TO THE ACCOUNTS
Year ended 30 September 2000

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000	Period From 1 April 1998 to 30 September 1999
	£	£
Directors' emoluments		
Directors' remuneration including benefits in kind	69,579	102,603
Pension costs	750	-
	<u>70,329</u>	<u>102,603</u>

During the year one director accrued benefits under a money purchase pension scheme.

Average number of persons employed

Management	2	1
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	£	£
Staff costs during the year (including directors)		
Wages and salaries	65,269	79,600
Social security costs	7,841	7,960
Pension costs	750	-
	<u>73,860</u>	<u>87,560</u>

4. OPERATING PROFIT

	2000	Period From 1 April 1998 to 30 September 1999
	£	£
Operating profit is after charging/(crediting):		
Depreciation and amortisation		
Owned assets	423	838
Leased assets	-	1,025
Auditors' remuneration	1,950	1,950
Gain on sale of fixed assets	-	(239)
Loss on sale of unlisted investments	458	2,569
	<u></u>	<u></u>

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	Period From 1 April 1998 to 30 September 1999
	£	£
Bank loans, overdrafts and other loans repayable within five years	11,542	25,752
Finance leases and hire purchase contracts	-	942
	<u>11,542</u>	<u>26,694</u>

6. TAX ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES

	2000	Period From 1 April 1998 to 30 September 1999
	£	£
United Kingdom corporation tax at 20% (1999 – 20%) based on the (loss)/profit for the year	2,920	1,300
Prior year overprovision	(87)	(3,623)
Corporation tax repayment	-	(3,581)
	<u>2,833</u>	<u>(5,904)</u>

7. DIVIDENDS

	2000	Period From 1 April 1998 to 30 September 1999
	£	£
Appropriation in respect of preference share dividends	<u>2,900</u>	<u>4,351</u>

NOTES TO THE ACCOUNTS Year ended 30 September 2000

8. TANGIBLE FIXED ASSETS

	Office Equipment £
Cost	
At 1 October 1999 and at 30 September 2000	3,353
Accumulated depreciation	
At 1 October 1999	2,864
Charge for the period	423
At 30 September 2000	3,287
Net book value	
At 30 September 2000	66
At 30 September 1999	489

9. INVESTMENTS HELD AS FIXED ASSETS

	Unlisted Investments £	Listed Investments £	Total £
Cost or valuation			
At 1 October 1999	663,793	13,156	676,949
Revaluation	339,930	-	339,930
Disposal	-	(13,156)	(13,156)
At 30 September 2000	1,003,723	-	73,723
At cost	73,723	-	73,723
At valuation	930,000	-	930,000
	1,003,723	-	1,003,723
Amounts provided			
At 1 October 1999	70,250	12,698	82,948
Disposals	-	(12,698)	(12,698)
At 30 September 2000	70,250	-	70,250
Net book value			
At 30 September 2000	933,473	-	933,473
At 30 September 1999	593,543	458	594,001

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

9. FIXED ASSETS - INVESTMENTS (Continued)

Investment in subsidiary company (included in unlisted investments)

The company owns 100% of the ordinary share capital of Marine Transport Limited, a company registered in Scotland. Although the company owns 100% of the ordinary shares, this only represents 15% of the total share capital entitled to participate in any distribution.

The director has revalued this investment to £105,000 during the year.

Marine Transport Limited did not trade during the year ended 30 November 1999. Marine Transport Limited owns 100% of the share capital of Davidson & Wilson Limited, a company registered in Scotland, whose principal activity is the haulage of frozen and chilled goods. The financial statements of Davidson & Wilson Limited, for the year ended 30 November 1999 stated the following information:

	£
Total capital and reserves	471,436
Investing company's share of capital and reserves	70,715
Profit for the year	98,175
Investing company's share of the profit for the year	14,726

The company owns 70% of the ordinary share capital of Linkfleet Limited, a company registered in Scotland. The principal activities of the company is the provision of plant hire, environmental services, industrial services, property and management, personnel management systems and convenience stores.

	£
Cost of investment in Linkfleet Limited	47,070

The director has revalued this investment to £700,000 during the year.

The most recent group financial statements of Linkfleet Limited for the year ended 31 December 1999 stated the following information:

	£
Total capital and reserves	157,537
Investing company's share of capital and reserves	110,276
Profit for the period	21,246
Investing company's share of the profit for the period	14,872

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

9 FIXED ASSETS - INVESTMENTS (Continued)

Investment in associated companies (included in unlisted investments)

The company holds 36% of the ordinary share capital of Nevis Group Limited, a company registered in Scotland. Nevis Group Limited operates through a number of trading and non trading subsidiaries covering a range of activities. Further details of the nature of business of the group are contained in the financial statements of that company.

	£
Cost of investment in Nevis Group Limited	65,250

The director has previously revalued this investment to £Nil.

The financial statements of Nevis Group Limited for the year ended 31 December 1999 stated the following information:

	£
Total capital and reserves	(704,615)
Investing company's share of capital and reserves	(253,661)
Profit for the year	61,835
Investing company's share of profit for the year	22,261

Nevis Group Limited holds 100% of the ordinary share capital of Marwell Investments Limited, a company registered in Scotland, whose principal activity is the provision of contract cleaning services.

The financial statements of Marwell Investments Limited, for the year ended 31 December 1999 stated the following information:

	£
Total capital and reserves	123,895
Investing company's share of capital and reserves	44,602
Loss for the year	(22,206)
Investing company's share of loss for the year	(7,994)

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

9. FIXED ASSETS - INVESTMENTS (Continued)

Investment in associated companies (included in unlisted investments)

The company holds one third of the ordinary share capital of Rubislaw Group Plc, a company registered in Scotland. The principal activities of that company are the provision of computer system development and property development.

	£
Cost of investment in Rubislaw Group Plc	5,000

The director revalued this investment to £125,000 during the year.

The consolidated financial statements of Rubislaw Group Plc for the year ended 31 August 1999 stated the following information:

	£
Total capital and reserves	117,144
Investing company's share of capital and reserves	39,048
Profit for the year	9,497
Investing company's share of the profit for the year	3,166

10. DEBTORS

	2000 £	1999 £
Other debtors	875	875
Amounts owed by related companies	1,981	968
Director's loan	79,962	56,740
S.419 tax recoverable	20,291	14,185
Loan to related party	3,000	-
	<u>106,109</u>	<u>72,768</u>

The related party loan bears interest at 20% per annum on the balance in excess of £8,000. This loan is repayable on demand.

The director's loan account balance at 30 September 2000 was the maximum amount outstanding during the period, and is non-interest bearing.

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank overdraft	47,833	52,955
Loan	69,500	69,500
Current corporation tax	3,311	1,300
S.419 tax payable	6,106	6,835
Other taxes and social security	9,342	5,320
Accruals	12,835	22,198
Income tax payable	2,519	-
	<u>151,446</u>	<u>158,108</u>

The bank overdraft is secured by a floating charge over the assets of the company. The loan is from the director's self administered pension scheme. It bears interest at 3% above base per annum and there are no set repayment terms. The bank hold a letter of postponement in respect of this loan.

12. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
950 ordinary shares of £1 each	950	950
50 'A' non voting ordinary shares of £1 each	50	50
50,000 10% cumulative redeemable preference shares of £1 each	50,000	50,000
	<u>51,000</u>	<u>51,000</u>
Called up, allotted and fully paid		
100 ordinary shares of £1 each	100	100
50 'A' non voting ordinary shares of £1 each	50	50
29,008 10% cumulative redeemable preference shares of £1 each	29,008	29,008
	<u>29,158</u>	<u>29,158</u>

'A' non voting ordinary shares of £1 each

These shares carry no voting rights and rank pari passu with the ordinary shares in terms of a capital distribution.

Preference shares of £1 each

The 10% cumulative redeemable preference shares of £1 each are redeemable at par anytime after 31 March 1997. Preference share dividends of £18,870 were in arrears at 30 September 2000.

13. REVALUATION RESERVE

	£
At 1 October 1999	538,000
Net surplus on revaluation in the year	339,930
	<u>877,930</u>
At 30 September 2000	<u>877,930</u>

A tax liability on capital gains of approximately £80,000 would arise if the unlisted investments were sold at their revalued amount at the balance sheet date.

NOTES TO THE ACCOUNTS

Year ended 30 September 2000

14. RESERVES

	Profit and loss £	Other reserve £
At 1 October 1999	(58,008)	-
Profit for year	39,122	-
Appropriation in year	(2,900)	2,900
Transfer from profit and loss account	(15,970)	15,970
At 30 September 2000	(37,756)	18,870

The other reserve represents the unpaid dividends which have accumulated to 30 September 2000.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year/period	39,122	5,317
Other recognised gains relating to the period (net)	339,930	253,000
Net addition to shareholders' funds	379,052	258,317
Opening shareholders' funds	509,150	250,833
Closing shareholders' funds	888,202	509,150

16. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £750 (1999: Nil). There were no accrued or prepaid contributions at 30 September 2000.

17. RELATED PARTY TRANSACTIONS

The company provided management services to Nevis Group Limited, a company in which Solemotion has an interest and JA Clark is Chairman. Turnover includes £10,109 (1999, £18,250) of fees for these services during the year. At the year end no fees were outstanding.

Management services were also provided to Linkfleet Limited, a company in which Solemotion has an interest and JA Clark is Chairman. Turnover includes £65,152 (1999, £80,033) for services provided, and at the year end no fees were outstanding.

The company also provided management services to Davidson & Wilson Limited, a company in which Solemotion holds an interest and JA Clark is the Chairman. Turnover includes £14,797 (1999, £12,918) of fees for the services provided. At the year end £249 (1999, £943) of fees were still outstanding.

Management services were also provided to Rubislaw Group Plc and Empire Services Limited, companies in which Solemotion has an interest. Turnover includes £16,500 (1999, £18,000) and £10,260 (1999, £16,230) respectively for these services. At the year end £1,763 (1999, £Nil) and £Nil (1999, £Nil) of fees were still outstanding.

Management services were also provided to Marwell Investments Limited, a wholly owned subsidiary of Nevis Group Limited. Turnover includes £9,338 (1999, £6,780) of fees for the services during the year, and no fees were outstanding at the end of the year.

NOTES TO THE ACCOUNTS**Year ended 30 September 2000****17. RELATED PARTY TRANSACTIONS (continued)**

No management services were provided to either Pragma Systems (Scotland) Limited or Martin Webb Limited during the year, the former company being a wholly owned subsidiary of Rubislaw Group Limited and the latter being a wholly owned subsidiary of Empire Services Limited. Last period turnover included £7,030 and £5,000 of fees respectively, for these services.

At the period end an amount of £3,000 (1999, £Nil) in respect of a loan provided to Rubislaw Group Plc, a company in which Solemotion has an interest and JA Clark is Chairman, was outstanding. Details of the terms and conditions can be seen in note 10.

Included in creditors is a loan from the director's self administered pension fund. £69,500 (1999, £69,500) was outstanding at the year end. Details of the terms and conditions can be seen in note 11.