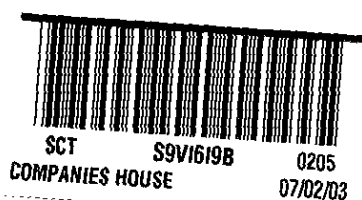


**ALBANY VENTURE
MANAGERS LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2002



Company no SC 211214

ALBANY VENTURE MANAGERS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 September 2002

Company Registration Number: SC 211214

Registered Office: 11 Walker Street
Edinburgh
EH3 7NE

Directors: Mr R J Abbott
Mr I R Christie
Mr J G Morrison
Mr G M Murray
Mr J P H S Scott
Mr A M Watt

Secretary: DM Company Services Limited
11 Walker Street
Edinburgh
EH3 7NE

Bankers: Bank of Scotland
New Ueberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

Solicitors: Dickson Minto WS
11 Walker Street
Edinburgh
EH3 7NE

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
1-4 Atholl Crescent
Edinburgh
EH3 8LQ

ALBANY VENTURE MANAGERS LIMITED

FINANCIAL STATEMENTS

For the year ended 30 September 2002

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ALBANY VENTURE MANAGERS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 September 2002.

Principal activities

The company is principally engaged in venture capital fund management.

Business review

The company is authorised by the FSA to carry out Venture Capital Business.

There was a profit for the year after taxation amounting to £Nil (2001: £4,572). The directors do not recommend payment of a dividend.

Directors

None of the directors have an interest in the company at 30 September 2002 or 1 October 2001. The holdings of these directors, who are shareholders of the parent company Albany Venture Managers (Holdings) Limited, are disclosed in that company's financial statements.

Directors' responsibilities for the financial statements

Company law in the United Kingdom 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ALBANY VENTURE MANAGERS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



MR R J ABBOTT
Director

Date: 27th January 2003

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

ALBANY VENTURE MANAGERS LIMITED

We have audited the financial statements of Albany Venture Managers Limited for the year ended 30 September 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the directors and auditors

The directors' responsibilities for the preparation of the directors' report and the financial statements in accordance with United Kingdom law and 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 directors' report, and consider whether it is consistent with the audited financial statements. This other information comprises only 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 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 at 30 September 2002 and the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
EDINBURGH

Date: 30 January 2003

ALBANY VENTURE MANAGERS LIMITED

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

The principal accounting policies remain unchanged from prior years and are set out below. The application of Financial Reporting Standard 18 Accounting Policies, has had no effect on these financial statements. The company has implemented Financial Reporting Standard 19 Deferred Tax.

Turnover

Turnover is the total amount receivable by the company for services provided excluding VAT.

Investments

All investments are stated at cost.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised where it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

ALBANY VENTURE MANAGERS LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 30 September 2002

		Year ended 30 September 2002 £	For the period 21 September 2000 to 30 September 2001 £
	Note		
Turnover	1	546,943	230,339
Cost of sales		<u>(540,000)</u>	<u>(224,075)</u>
Gross profit		6,943	6,264
Administrative expenses		<u>(9,778)</u>	<u>(2,756)</u>
Operating (loss)/profit		(2,835)	3,508
Net interest	2	<u>2,835</u>	<u>1,064</u>
Profit on ordinary activities before taxation	1	-	4,572
Tax on profit on ordinary activities	4	-	-
Profit for the financial period		<u>-</u>	<u>4,572</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.

ALBANY VENTURE MANAGERS LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2002

	Note	2002 £	2001 £
Fixed assets			
Investments	5	<u>5</u>	<u>5</u>
		5	5
Current assets			
Debtors	6	21,459	42,228
Cash at bank and in hand		<u>255,649</u>	<u>36,346</u>
		<u>277,108</u>	<u>78,574</u>
Creditors: amounts falling due within one year	7	<u>(262,541)</u>	<u>(64,007)</u>
Net current assets		14,567	14,567
Total assets less current liabilities		<u>14,572</u>	<u>14,572</u>
Capital and Reserves			
Called up share capital	8	10,000	10,000
Profit and loss account	9	4,572	4,572
Shareholders' funds		<u>14,572</u>	<u>14,572</u>

The financial statements were approved by the Board of Directors on 27th January 2003



Mr R J Abbott
Director



Mr J G Morrison
Director

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

ALBANY VENTURE MANAGERS LIMITED**CASH FLOW STATEMENT**

For the year ended 30 September 2002

		Year ended 30 September 2002	For the period 21 September 2000 to 30 September 2001
	Note	£	£
Net cash inflow from operating activities	11	216,468	25,287
Returns on investments and servicing of finance			
Interest received		2,835	1,064
Net cash inflow from returns on investments and servicing of finance		2,835	1,064
Acquisitions and disposals			
Purchase of investments		-	(5)
Financing			
Issue of shares	10	-	10,000
Net cash inflow from financing		-	10,000
Increase in cash	12	219,303	36,346

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

ALBANY VENTURE MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2002

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities (stated after a management fee from parent company) is after charging:

	Year ended 30 September 2002	For the period 21 September 2000 to 30 September 2001
	£	£
Auditors' remuneration	<u>3,000</u>	<u>3,000</u>

2 NET INTEREST

	Year ended 30 September 2002	For the period 21 September 2000 to 30 September 2001
	£	£
Interest receivable	<u>2,835</u>	<u>1,064</u>

3 DIRECTORS

The directors of Albany Venture Managers Limited are remunerated by the parent company, Albany Venture Managers (Holdings) Limited.

ALBANY VENTURE MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2002

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	Year ended 30 September 2002	For the period 21 September 2000 to 30 September 2001
	£	£
UK Corporation Tax at 10 %	-	457
Group relief	-	(457)
	-	-

Factors affecting the tax charge for the year

The tax assessed for the prior year is lower than the standard rate of tax in the UK of 10%. The differences are explained as follows:

	Year ended 30 September 2002	For the period 21 September 2000 to 30 September 2001
	£	£
Profits on activities before tax	-	4,572
Profit on ordinary activities before tax		
multiplied by the standard rate of corporation tax in the UK of 10%	-	457
Effect of:		
Group relief	-	(457)
	-	-

ALBANY VENTURE MANAGERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September 2002

5 FIXED ASSET INVESTMENTS

	Other investments
Cost	£
At 1 October 2001 and 30 September 2002	<u>5</u>

The above represents a 4.6% investment in The Albany 2001 Pledge Fund Special LP.

6 DEBTORS

	2002	2001
	£	£
Trade debtors	-	42,228
Amounts owed by group undertakings	13,334	-
Accrued income	8,125	-
	<u>21,459</u>	<u>42,228</u>

7 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Amounts owed to group undertakings	245,353	52,088
Accruals and deferred income	14,750	5,124
Other creditors	2,438	6,795
	<u>262,541</u>	<u>64,007</u>

ALBANY VENTURE MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2002

8 SHARE CAPITAL

	2002	2001
	£	£
Authorised		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

9 RESERVES

	Profit and loss account
	£
At 1 October 2001	4,572
Retained profit for the year	-
At 30 September 2002	<u>4,572</u>

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 30 September 2002	For the period 21 September 2000 to 30 September 2001
	£	£
Profit for the financial year	-	4,572
Issue of shares	-	10,000
Net increase in shareholders' funds	-	14,572
Shareholders' funds at 1 October 2001	<u>14,572</u>	-
Shareholders' funds at 30 September 2002	<u>14,572</u>	<u>14,572</u>

ALBANY VENTURE MANAGERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 September 2002

11 NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 30 September 2002	For the period 21 September 2000 to 30 September 2001
	£	£
Operating (loss)/profit	(2,835)	3,508
Decrease/(increase) in debtors	20,769	(42,228)
Increase in creditors	198,534	64,007
Net cash inflow from operating activities	<u>216,468</u>	<u>25,287</u>

12 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Year ended 30 September 2002	For the period 21 September 2000 to 30 September 2001
	£	£
Increase in cash in the period	219,303	36,346
Net funds at 1 October 2001	36,346	-
Net funds at 30 September 2002	<u>255,649</u>	<u>36,346</u>

ALBANY VENTURE MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2002

13 ANALYSIS OF CHANGES IN NET FUNDS

	As at 1 October 2001 £	Cashflow £	As at 30 September 2002 £
Cash in hand and at bank	36,346	219,303	255,649

14 CAPITAL COMMITMENTS

There were no capital commitments at 30 September 2002 or 30 September 2001.

15 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities at 30 September 2002 or 30 September 2001.

16 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is Albany Venture Managers (Holdings) Limited by virtue of its 100% shareholding.

17 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Albany Venture Managers (Holdings) Limited the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group.