

COMPANY NUMBER

2991159

HIGHWAY CAPITAL *plc*
formerly Superframe Group plc

ANNUAL REPORT 200



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Chairman's Statement

In the circular sent to shareholders on 29 December 2000, the independent Directors expressed concern at the inconsistent trading performance of the Superframe group and its inability to expand whether organically or by acquisition. Accordingly, the independent Directors concluded that a sale of Superframe Limited would provide the opportunity to the Company to pursue other areas of commercial activity with the object of enhancing shareholder value. At the Extraordinary General Meeting held on 24 January 2001 shareholders approved the proposals and the sale of Superframe Limited was completed on that date.

The Company's results for the 14 months ended 28 February 2001 show a profit before tax of £507,960. This figure includes the profit of £387,993 generated from the sale of Superframe Limited.

All proceeds from the sale have been received and at 28 February 2001 the Company had £1.1 million of cash on deposit.

The Company is now effectively a cash shell and as such is seeking suitable acquisitions. Your Directors are in the process of searching for a suitable business.

Dominic Wheatley
Chairman

Directors' Report

Your Directors have pleasure in submitting their report and the audited financial statements for the 14 month period ended 28 February 2001.

Principal activity

On 24 January 2001 the Company, formerly named Superframe Group plc, sold the entire issued share capital of both Superframe Limited, its trading subsidiary, and Retail Rescue Limited, its non-trading subsidiary. The Company is now a stand-alone "cash shell" and the Board is actively seeking to acquire a suitable business.

Results

The profit on ordinary activities for the period before taxation was £507,960 (1999: £116,123). After taxation and dividends, the surplus of £475,656 (1999: £29,243) has been transferred to reserves. Details of future developments can be found in the Chairman's Statement.

Dividends

An interim dividend of 0.5p per share was paid on 1 December 2000. The Directors do not recommend the payment of a final dividend for the period.

Directors

The following Directors served during the period to 28 February 2001:

D. Wheatley (Chairman)	(appointed 26 January 2001)
J. T. P. Roberts	
E. P. Levey	
R. E. Burns	
A. H. Drummon	(appointed 19 July 2000)
A. R. Gilbert	(resigned 24 January 2001)
S. G. Gilbert	(resigned 24 January 2001)

Mr E. P. Levey retires by rotation, and Mr D. Wheatley and Mr A. H. Drummon, who were appointed during the period, also retire. The three Directors offer themselves for re-election at the Annual General Meeting. Mr E. P. Levey has a service contract which has a notice period of twelve months. Mr D. Wheatley and Mr A. H. Drummon do not have service contracts with the Company.

Biographies of Non-Executive Directors and Directors Submitted for Re-election

Dominic Wheatley, 42, was appointed non-executive Chairman on 26 January 2001. He is also a non-executive Director of London Stock Exchange listed companies Statpro Group plc and Telecom Plus plc and Chairman of the European Division of The 3DO Company Inc (THDO: NASDAQ). He was Chief Operating Officer of Eidos plc and Chief Executive of Eidos Interactive in the USA from 1995 until 1997.

John Roberts, 56, was appointed a non-executive Director on 10 March 1995. He was nominated as Senior Independent Director on 13 December 1999 and served as Acting Chairman between 10 May 2000 and 28 June 2000. He is Senior Partner of Goodman Derrick, the Company's solicitors. He acts for numerous small and medium sized companies and is a Director of Stratagem Group Plc.

Directors' Report cont'd.**Biographies of Non-Executive Directors and Directors Submitted for Re-election cont'd**

Edward Levey BA(Hons) FCCA, 50, was appointed to the Board on 10 March 1995 and is currently Finance Director and Company Secretary. He has held a number of Directorships in manufacturing, engineering and service industry companies during the last 15 years. He began his career with a subsidiary of Hawker Siddeley plc in 1976.

Robert Burns, 62, was appointed a non-executive Director on 1 July 1999. He is a Chartered Engineer and a Member of the Institute of Electrical Engineers and of the Institute of Management Consultants. He is currently a non-executive Director of Fairmead Group Limited, a private group of companies bought from Schroder Ventures, and has been a Chairman and Director of various public companies.

Howard Drummon, 71, was appointed a non-executive Director on 19 July 2000. He is a partner in Keith Bayley Rogers, who have been the financial adviser and stockbroker to the Company since March 1995. He is also a non-executive Director of Maisha plc and Dunham-Bush (Europe) plc.

Directors' Interests

The beneficial interests in the shares of the Company of the Directors and their families were as follows:

	Number of ordinary shares	
	28.2.2001	31.12.1999 (or date appointed)
D. Wheatley (appointed 26.1.2001)	396,040	396,040
J. T. P. Roberts	8,301	8,301
E. P. Levey	475,376	465,376
R. E. Burns	10,376	10,376
A. H. Drummon (appointed 19.7.2000)	60,000	18,196

Since the period end there have been no changes in the shareholdings of the Directors in the Company.

Substantial shareholdings

At 6 July 2001 the Company had been notified of the following material interests, in addition to those set out above, which represented 3% or more of the issued ordinary share capital of the Company:

	Number of Ordinary Shares	Percentage Holding
Galante International Limited	1,861,049	23.42
J. A. M. Hemming	397,000	5.00
Orbis Pension Trustees Limited	350,000	4.50

Fixed Assets

The movement in fixed assets during the year is set out in Note 8.

Payment of suppliers

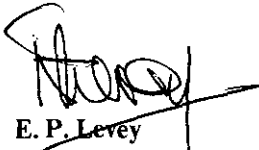
It is the Company's policy to pay suppliers in accordance with the terms agreed for each transaction. The average number of creditor days during the period was not more than 60 days.

Directors' Report cont'd.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Littlestone Martin Glenton be re-appointed as auditors of the Company will be put to the Annual General Meeting.

By Order of the Board


E. P. Levey
Secretary

17 July 2001

Remuneration Committee's Report

The Remuneration Committee consists of the non-executive Directors, John Roberts, Robert Burns and Howard Drummon. Howard Drummon joined the Committee on his appointment as a Director on 19 July 2000. This Committee's primary function during the period ended 28 February 2001, was to review the performance of the executive Directors and senior employees and set their remuneration and other terms of employment.

The Committee is also responsible for administering any share option scheme or bonus schemes. The only such scheme in place is the Executive Share Option Scheme, which has been approved by the Inland Revenue. There are currently options granted in respect of 60,000 shares at an exercise price of 50p per share, which are all held by ex-employees and expire on 24 January 2002. No Directors hold share options.

In framing its remuneration policy the Committee has given full consideration to the matters referred to in Section B of the Best Practice provisions.

It is the aim of the Committee to remunerate the executive Directors competitively and to reward performance.

Details of the remuneration packages of individual Directors are set out in Note 4.

Edward Levey has a service contract with a one year notice period. The other Directors do not have a notice period. John Roberts has a letter of appointment. Dominic Wheatley, Robert Burns and Howard Drummon do not have service contracts.

Corporate Governance

The policy of the Board is to manage the affairs of the Company in accordance with the Principles of Good Governance and Code of Best Practice as set out in Section 1 of the Combined Code annexed to the Listing Rules of the Financial Services Authority.

Application of Principles of Good Governance

Board of Directors

The Board currently comprises of one executive and four independent non-executive Directors. The Articles of Association require a third, but not greater than a third, of the Directors to retire by rotation each year. John Roberts was nominated as Senior Independent Director on 13 December 1999 and appointed as Acting Chairman between 10 May 2000 and 28 June 2000. There was a clear delineation of responsibility between the Acting Chairman and the Chief Executive during this period. Since the disposal of the Company's trading subsidiary on 24 January 2001 the Company has not had a Chief Executive. The Board intends to appoint a Chief Executive when a new business is acquired. Dominic Wheatley was appointed non-executive Chairman on 26 January 2001 and John Roberts remains as Senior Independent Director.

There are regular board meetings each year and other meetings are held as required to direct the overall Company strategy and operations. Board meetings follow a formal agenda covering matters specifically reserved for decision by the Board. These cover key areas of the Company's affairs including overall strategy, acquisition policy, approval of budgets, major capital expenditure and significant transactions and financing issues.

The Board has delegated certain responsibilities, within defined terms of reference, to the Audit Committee and the Remuneration Committee as described below. The appointment of new Directors is made by the Board as a whole.

Audit Committee

The Audit Committee currently comprises of three of the non-executive Directors and is headed by John Roberts, the Senior Independent Director.

The Committee reviews the Company's financial and accounting policies, interim and final results and annual report prior to their submission to the Board together with management reports on accounting and internal control matters. It also reviews the auditors' management letter and considers any other matters raised by the auditors.

Remuneration Committee

The Remuneration Committee currently comprises of three of the non-executive Directors and is headed by John Roberts, the Senior Independent Director.

The Committee's primary function is to review the performance of the executive Directors and senior employees and set their remuneration and other terms of employment. It is also responsible for administering any share option and bonus schemes.

Relations with Shareholders

The Company encourages two way communication with both its institutional and private investors and responds quickly to all queries received.

Internal Controls

The Directors are responsible for internal control in the Company and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material error, losses or fraud. In addition, there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Company.

Corporate Governance cont'd

Internal Controls cont'd

The key procedures that the Directors have established are designed to provide effective internal control within the Company and are to be regularly reviewed by the Board. This is in accordance with the Turnbull Guidance and "Internal Control Guidance for Directors on the Combined Code" issued by the Institute of Chartered Accountants in England and Wales. Such procedures have been in place throughout the period under review and up to the date of approval of the Annual Report and Accounts.

Due to the size of the Company all key decisions are made by the Board and the assessment and management of risk is an integral part of the Board's decision-making process.

The Company's organisational structure has clear lines of responsibility and the Board continues to review systems to monitor and investigate the major business risks facing the Company.

The Board has established control procedures for all key financial areas of the business which enable the Board to maintain full and effective control. These controls include defined procedures for seeking and obtaining approval for major transactions and controls relating to the security of assets. The Company operates a comprehensive budgeting and financial reporting system. Management accounts are compiled on a monthly basis and considered at regular Board meetings. All variances are thoroughly investigated.

The Directors have reviewed the effectiveness of the Company's systems of internal control as they operated during the period under review and consider that there have been no material losses, contingencies or uncertainties caused by weaknesses in internal controls.

Going Concern

After reviewing the Company's budget for 2001 and its medium term plans, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Statement of Compliance

In the opinion of the Directors, the Company has complied throughout the period ended 28 February 2001 with the provisions of the Combined Code, except for the items outlined below.

Code provision A.2.1 — Following the death of Lord Montague on 5 November 1999, the Company was without a Chairman until the appointment of Dominic Wheatley on 26 January 2001. John Roberts served as Acting Chairman between 10 May 2000 and 28 June 2000. Since the disposal of the Company's trading subsidiary on 24 January 2001 the Company has not had a Chief Executive. The Board intends to appoint a Chief Executive when a new business is acquired.

Code provision A.5.1 — A nomination committee has not been set up, as the Directors consider that due to the size of the Board it is not required under the Combined Code.

Code provision D.3.1 — Until the appointment of Howard Drummon to the Board on 19 July 2000, the Audit Committee was made up of two rather than three non-executive directors.

Directors' Responsibility Statement

Company law requires the Directors to prepare accounts 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 for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act. 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 Highway Capital plc

We have audited the financial statements on pages 11 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 15 and 16.

Respective Responsibilities Of Directors And Auditors

The directors are responsible for preparing the annual report. As described on page 9, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. 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 or the Listing Rules regarding directors' remuneration and transactions with the Company is not disclosed.

We review whether the corporate governance statement on page 8 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Audit Opinion

We conducted our audit in accordance with 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 of the Company, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 28 February 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Littlestone Martin Glenton
Chartered Accountants and
Registered Auditors

2 Fitzhardinge Street
London W1H 6EE
17 July 2001

Profit and Loss Account

Period ended 28 February 2001

	Notes	14 months to 28.2.2001	Year to 31.12.1999
Management fees	1	—	93,000
Administration expenses		(99,907)	(56,333)
Operating profit/(loss)	2	(99,907)	36,667
Profit on disposal of subsidiaries		387,993	—
Income from fixed asset investments		215,436	79,456
Interest Receivable		4,438	—
Profit on ordinary activities before taxation		507,960	116,123
Tax on profit on ordinary activities	5	7,424	(7,424)
Profit for the financial period		515,384	108,699
Dividends	6	(39,728)	(79,456)
Retained profit for the financial period		£475,656	£29,243
Earnings per share	7	6.49p	1.37p

Discontinued operations

On 24 January 2001, the Company disposed of its trading subsidiary Superframe Limited and its dormant subsidiary Retail Rescue Limited.

Total recognised gains and losses

The Company has no recognised gains or losses other than the profit or loss for the above two financial periods.

Reconciliation of Equity Shareholders' Funds

	14 months to 28.2.2001	Year to 31.12.1999
Profit attributable to Ordinary Shareholders	515,384	108,699
Dividends	(39,728)	(79,456)
Net Increase in Shareholders' Funds	475,656	29,243
Shareholders' Funds at 1 January 2000	610,763	581,520
Shareholder's Funds at 28 February 2001	£1,086,419	£610,763

Balance Sheet


at 28 February 2001

	Notes	28.2.2001	31.12.1999
Fixed Assets			
Investments	8	—	132,028
		—	132,028
Current Assets			
Debtors	10	9,484	525,888
Cash at Bank and in Hand		1,132,633	—
		1,142,117	525,888
Creditors: Amounts falling due within one year	11	(55,698)	(47,153)
Net Current Assets		1,086,419	478,735
Net Assets		£1,086,419	£610,763
Capital And Reserves			
Share Capital	14	158,913	158,913
Share Premium	16	295,437	295,437
Profit and Loss Account	16	632,069	156,413
Total Equity Shareholders' Funds		£1,086,419	£610,763

Approved by the Board on 17 July 2001

D. Wheatley (Chairman)

J. T. P. Roberts (Senior non-executive)



Handwritten signatures of D. Wheatley and J. T. P. Roberts.

Cash Flow Statement

Period ended 28 February 2001

	Notes	14 months to 28.2.2001	Year to 31.12.1999
Net Cash Inflow from Operating Activities	18(a)	479,618	50,268
Returns on Investments and Servicing of Finance			
Dividends Received		215,436	79,456
Interest Received		4,438	—
Net Cash Inflow from Returns on Investments and Servicing of Finance		219,874	79,456
Taxation			
Corporation Tax		(7,424)	(10,540)
Acquisitions and Disposals			
Sale of subsidiary undertakings		520,021	—
Net Cash Inflow from Acquisitions and Disposals		520,021	—
Equity Dividends Paid		(79,456)	(119,184)
Increase in Cash	18(b)	<u>£1,132,633</u>	<u>£ —</u>

Notes to the Accounts

Period ended 28 February 2001

1. Accounting Policies

Basis of Accounting

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

Consolidation

Highway Capital plc disposed of its two subsidiary undertakings, Superframe Limited and Retail Rescue Limited, on 24 January 2001. At 28 February 2001, it was a stand-alone company and is therefore not required to prepare consolidated financial statements for the 14 month period ended 28 February 2001. The accounts relate only to the Company itself.

Depreciation

Depreciation is provided on all fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life.

Stocks and Work-in-Progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

Deferred Taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability will crystallise in the foreseeable future.

Finance Leases and H.P. Commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful economic lives.

The interest element is charged to profit and loss account on a straight line basis over the period of the finance leases or H.P. contracts.

Rentals paid under operating leases are charged to income on a straight line basis over the lease period.

Notes to the Accounts cont'd.**Period ended 28 February 2001****1. Accounting Policies cont'd.****Foreign Currencies**

Profit and loss account transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Turnover

Turnover represents management fees receivable.

2. Operating profit/(loss)

This is stated after Charging:

	14 months to 28.2.2001	Year to 31.12.1999
	£	£
Directors remuneration — Salaries/fees	37,347	31,000
— Benefits	2,911	—
Auditors' remuneration — Audit services	5,875	3,500
— Other services	15,750	—
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Corporate finance fees of £12,925 (including VAT) were payable to the auditors during the period in respect of the disposal circular issued in December 2000, and have been charged to "Profit on disposal of subsidiaries".

Notes to the Accounts cont'd.**Period ended 28 February 2001****3. Employees**

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

	14 months to 28.2.2001	Year to 31.12.1999
Directors	6	5
Other	—	—
	<u>6</u>	<u>5</u>

Employee Costs including Directors during the year amounted to:

Salaries and Fees	37,347	31,000
Benefits	2,911	—
Social Security Costs	588	—
	<u>£40,846</u>	<u>£31,000</u>

4. Directors Remuneration

Emoluments of the Highest Paid Director

	14 months to 28.2.2001	Year to 31.12.1999
	<u>£11,997</u>	<u>£18,500</u>

No pension contributions were made by the Company on behalf of its Directors.

Directors' Emoluments including amounts payable to third parties in respect of Directors' services are comprised as follows:

	Fees	Basic Salary	Taxable Benefits	14 months to 28.2.2001 Total	Year to 31.12.1999 Total
D. Wheatley	1,666	—	—	1,666	—
E. P. Levey	—	5,183	2,911	8,094	—
J. T. P. Roberts	11,997	—	—	11,997	10,000
R. E. Burns	11,976	—	—	11,976	5,000
A. H. Drummon	6,525	—	—	6,525	—
Lord Montague of Oxford	—	—	—	—	18,500
D. Sawyer	—	—	—	—	(2,500)
	<u>£32,164</u>	<u>£5,183</u>	<u>£2,911</u>	<u>£40,258</u>	<u>£31,000</u>

No Director currently has share options, and no share options were granted to or exercised by the Directors during the period under review.

Notes to the Accounts cont'd.**Period ended 28 February 2001**

	14 months to 28.2.2001	Year to 31.12.1999
5. Taxation		
Based on the Profit for the year:		
U.K. Corporation Tax at 20% (31.12.1999: 20%)	—	7,424
Under/(Over) provision in previous years	(7,424)	—
	<u>£7,424</u>	<u>£7,424</u>

	14 months to 28.2.2001	Year to 31.12.1999
6. Dividends		
Interim paid 0.5p per share (31.12.1999: 0.5p)	39,728	39,728
Final proposed nil per share (31.12.1999: 0.5p)	—	39,728
	<u>£39,728</u>	<u>£79,456</u>

7. Earnings Per Share

The earnings per ordinary share calculation has been based on the profits attributable to ordinary shareholders divided by 7,945,638 (31.12.1999: 7,945,638) being the average of the issued share capital during the year.

As the price set for the share options is in excess of the fair value of the shares no dilution of earnings per share would occur if the share options were exercised.

Notes to the Accounts cont'd.**Period ended 28 February 2001****8. Investments**

Investments in Subsidiary Undertakings at Cost

Cost at 1 January 2000	132,028
Disposals during the period	(132,028)
	<hr/>
Cost at 28 February 2001	£ —
	<hr/> <hr/>

On 24 January 2001, the Company disposed of its trading subsidiary Superframe Limited and its dormant subsidiary Retail Rescue Limited.

9. Capital Commitments

At 28 February 2001 the Company had no capital commitments.

	28.2.2001	31.12.1999
10. Debtors		
Amounts owed by Subsidiary Undertaking	—	525,888
Other Debtors	8,999	—
Prepayments	485	—
	<hr/>	<hr/>
	£9,484	£525,888
	<hr/> <hr/>	<hr/> <hr/>

	28.2.2001	31.12.1999
11. Creditors: Amounts falling due within one year		
Trade Creditors	28,813	—
Current Corporation Tax	—	7,423
Taxation and Social Security	2,302	—
Other Creditors	—	2
Accruals	24,583	—
Proposed Dividend	—	39,728
	<hr/>	<hr/>
	£55,698	£47,153
	<hr/> <hr/>	<hr/> <hr/>

12. Borrowings

The Company had no bank loans or overdrafts existing at the period end.

13. Deferred Taxation

There is no unprovided deferred taxation liability at the period end.

Notes to the Accounts cont'd.**Period ended 28 February 2001****14. Share Capital**

	Number of Shares 28.2.2001	Nominal Value 28.2.2001	Number of Shares 31.12.1999	Nominal Value 31.12.1999
Authorised —				
Ordinary Shares of 2p each	50,000,000	£1,000,000	50,000,000	£1,000,000
Allotted, Called-up and Fully Paid —				
Ordinary Shares of 2p each	7,945,638	£158,913	7,945,638	£158,913

15. Related Party Transactions

The income from fixed asset investments of £215,436 (1999: £79,456) and the management fees of £93,000 in 1999, were all received from Superframe Limited, when it was a fully owned subsidiary of the Company.

Howard Drummon, who was appointed a non-executive Director on 19 July 2000, is a partner in Keith Bayley Rogers, the financial adviser and stockbroker to the Company. In the 14 month period ended 28 February 2001, Keith Bayley Rogers received retainer fees of £12,358 and corporate finance fees of £26,437 (including irrecoverable VAT), in respect of the disposal circular issued in December 2000.

John Roberts, a non-executive Director, is Senior Partner of Goodman Derrick, the Company's solicitors. During the 14 month period ended 28 February 2001, Goodman Derrick were paid fees of £29,742 (including irrecoverable VAT) in respect of the disposal of Superframe Limited.

16. Reconciliation Of Movements On Reserves

	Share Premium Account	Profit and Loss Account
At 1 January, 2000	295,437	156,413
Retained Profit for the period	—	475,656
At 28 February 2001	£295,437	£632,069

17. Other Financial Commitments

At 28 February 2001 the Company had no commitments for the year ending 28 February 2002 under non-cancellable operating leases.

Notes to the Accounts cont'd.

Period ended 28 February 2001

18. Group Cash Flow Statement

	28.2.2001	31.12.1999
(a) Net Cash Inflow from Operating Activities		
Operating profit/(loss)	(99,907)	36,667
Decrease in Debtors	523,827	13,601
Increase in Creditors	55,698	—
	<u>£479,618</u>	<u>£50,268</u>

	1 January 2000	Cash Flow	28 February 2001
(b) Analysis Of Net Funds/(Debt)			
Net Cash : Cash at bank and in hand	—	1,132,633	1,132,633
	<u>£ —</u>	<u>£1,132,633</u>	<u>£1,132,633</u>

	28.2.2001	31.12.1999
(c) Reconciliation Of Net Cash Flow To Movement In Net Funds/(Debt)		
Increase/(Decrease) in cash in the period	1,132,633	—
Movement in net funds/(debt) in the period	1,132,633	—
Opening net funds/(debt)	—	—
	<u>£1,132,633</u>	<u>£ —</u>

Company Information

Directors	Dominic Wheatley (Non-Executive Chairman) John Trefor Price Roberts (Senior Independent Non-Executive Director)* Edward Patrick Levey BA(Hons) FCCA (Finance Director) Robert Ernest Burns (Non-Executive Director)* Alec Howard Drummon (Non-Executive Director)* * Member of the Remuneration & Audit Committees.
Secretary and registered office	Edward Patrick Levey BA(Hons) FCCA 2 Fitzhardinge Street London W1H 6EE
Registrars and share transfer office	Capita IRG plc Balfour House 390/398 High Road Ilford Essex IG1 1NQ
Share price information	Information about the day-to-day movement of the Company's share price on the London Stock Exchange can be found on SEAQ page No. 51339 and from the Financial Times share service, telephone 0906 8435050
Auditors	Littlestone Martin Glenton Chartered Accountants and Registered Auditors 2 Fitzhardinge Street London W1H 6EE
Bankers	Barclays Bank Plc The Lea Valley Group 78 Turners Hill Cheshunt Herts EN8 9BW
Solicitors	Goodman Derrick 90 Fetter Lane London EC4A 1PT
Stockbrokers	Keith, Bayley, Rogers & Co. Ebbark House 93-95 Borough High Street London SE1 1NL

Financial Review

	14 months to 28.2.2001	Year to 31.12.1999	Year to 31.12.1998	Year to 31.12.1997	Year to 31.12.1996
Management Fees	—	93,000	120,000	110,217	98,886
Administration expenses	(99,907)	(56,333)	(59,247)	(56,517)	(54,088)
Operating Profit/(Loss)	(99,907)	36,667	60,753	53,700	44,798
Profit on disposal of subsidiaries	387,993	—	—	—	—
Income from fixed asset investments	215,436	79,456	119,184	79,456	—
Interest receivable	4,438	—	—	—	—
Profit on Ordinary Activities before Taxation	507,960	116,123	179,937	133,156	44,798
Taxation	7,424	(7,424)	(12,758)	(11,674)	(10,864)
Profit on Ordinary Activities after Taxation	£515,384	£108,699	£167,179	£121,482	£33,934
Earnings per Share	6.49p	1.37p	2.10p	1.53p	0.43p
Dividend per Share	0.50p	1.00p	1.50p	1.00p	—

The basic and the diluted earnings per share figures are the same.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 90 Fetter Lane, London EC4A 1PT on 12 September 2001 at 12:00 noon for the following purposes:

Ordinary Business — Ordinary Resolutions

Resolution 1:

To receive and adopt the report of the Directors and the audited accounts for the period ended 28 February 2001.

Resolution 2:

To elect Dominic Wheatley as a Director of the Company.

Resolution 3:

To elect Howard Drummon as a Director of the Company.

Resolution 4:

To re-elect Edward Levey as a Director of the Company.

Resolution 5:

To re-appoint Littlestone Martin Glenton as the registered auditors of the Company and to authorise the directors to determine their remuneration.

Special Business

To consider and, if thought fit, approve the following Resolution as an Ordinary Resolution:

Resolution 6:

That the Directors be and are hereby generally and unconditionally authorised (in substitution for any specific or general authority previously conferred on them but without prejudice to the allotment of securities under and such previous authority pursuant to any offer or agreement made prior to the date this resolution is passed) to exercise all the powers of the Company to allot relevant securities within the meaning of section 80 of the Companies Act 1985 ("the Act") up to an aggregate nominal amount of £7,946 PROVIDED THAT this authority shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company after the passing of this resolution and a date being fifteen months after the date of the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require the relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Notice of Annual General Meeting cont'd.

To consider and if thought fit, pass the following Resolution as a Special Resolution:

Resolution 7:

That subject to the passing of Resolution 6 above, the Directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) of the Company for cash pursuant to the authority conferred by the Ordinary Resolution referred to in Resolution 6 above as if section 89(1) of the Act did not apply to such allotment PROVIDED THAT:

1. This power shall be limited to the allotment of equity securities up to a maximum aggregate nominal value of £7,946;
2. The authority of the Directors shall extend to the making of any offer or agreement before the expiration or revocation of this power which would or might require equity securities to be allotted otherwise than in accordance with section 89 of the Act after the expiration or revocation of this power and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry of this power;
3. Any reference to the allotment of equity securities includes a reference to the grant of a right to subscribe for or convert any securities into such securities including any share option scheme, share option agreements or warrants; and
4. This power shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and a date being fifteen months after the date of the passing of this Resolution.

BY ORDER OF THE BOARD

Registered Office:
2 Fitzhardinge Street
London W1H 6EE

E. P. Levey
Secretary

17 July 2001

Notes

1. A member entitled to attend and vote at the above Meeting may appoint a proxy to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company. Completion and return of a form of proxy does not preclude a member from attending and voting at the meeting in person.
2. To be valid the form of proxy must be deposited with Capita IRG plc at Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ by no later than 12:00 noon on 10 September 2001.
3. All members of the Company are urged to complete and return the attached form of proxy as soon as possible.
4. The following documents will be available for inspection at the registered office of the Company on any weekday (except Saturday) during normal business hours from the date of the issue of this notice until the date of the Annual General Meeting and, at the place of the meeting, for a period of 15 minutes prior to the Annual General Meeting and during the Meeting.
 - (a) The Register of Directors' Share Interests containing the information required to be maintained by statute in relation to transactions of each Director in the share capital of the Company and of the interests of each Director in share options and warrants;
 - (b) Copies of the Director's Service Contract;
 - (c) The Company's Memorandum and Articles of Association.

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PROXY FORM

I/We (insert name, block capitals please)

a member(s) of the above Company, hereby appoint the Chairman of the Meeting or

..... (Note 1)

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company which will be held at, 90 Fetter Lane, London EC4A 1PT on 12 September 2001 at 12:00 noon, and at any adjournment thereof.

I/We desire my/our proxy to vote on the resolutions proposed to be submitted as follows:

Ordinary Business

		FOR	AGAINST
Resolution 1	To receive and adopt the report of the Directors and the audited accounts for the period ended 28 February 2001.	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	To elect Dominic Wheatley as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	To elect Howard Drummon as a Director of the Company*.	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	To re-elect Edward Levey as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	To re-appoint the Auditors.	<input type="checkbox"/>	<input type="checkbox"/>
Special Business			
Resolution 6	To give authority to issue shares.	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	To dis-apply pre-emption rights.	<input type="checkbox"/>	<input type="checkbox"/>

Signed Dated 2001

Notes

1. A member may appoint a proxy of his own choice who need not be a member of the Company. If such an appointment is made, delete the words "the Chairman of the Meeting" and insert the name of the person appointed proxy in the space provided.
2. If the appointer is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
3. In the case of joint holders, the signature of any holder will be sufficient, but the names of all the joint holders should be stated.
4. If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.
5. To be valid, this form of proxy must be completed and deposited with Capita IRG plc at Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ by no later than 12:00 noon on 10 September 2001.

* Howard Drummon is a member of the Audit Committee and the Remuneration Committee

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BUSINESS REPLY SERVICE
Licence No. ANG 1468



Capita IRG plc
Balfour House
390-398 High Road
Ilford
Essex IG1 1BR

FIRST FOLD

SECOND FOLD