REGISTRAR'S COPY

COMPANY NUMBER 4488281

PENTAGON PROTECTION PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with Registered Number 4488281)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2003

AEK50UFM
A25 0185
COMPANIES HOUSE 20/04/04

Contents

Directors, Secretary and Advisers

Directors:	David Aram Thomas *Chairman* Graham Hamilton Bannerman *Managing Director* Geoffrey Phillip Russell *Director* Danielle Caroline Stewart FCA, FCCA *Non-executive Director* Ronald Bambra *Non-executive Director*
Company secretary:	Danielle Caroline Stewart FCA, FCCA
Registered office:	Pentagon House Unit 4, Acton Park Estate The Vale London W3 7QE
Nominated adviser:	Seymour Pierce Limited Bucklersbury House 3 Queen Victoria Street London EC4N 8EL
Broker:	Seymour Pierce Ellis Limited Talisman House Jubilee Walk Three Bridges Crawley West Sussex RH10 1LQ
Solicitors to the company:	Mundays Cedar House 78 Portsmouth Road Cobham Surrey KT11 1HS
Auditors:	BDO Stoy Hayward LLP Emerald House East Street Epsom Surrey KT17 1HS
Registrars:	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA

Chairman's Statement

Final results for the year ended 30 September 2003

Introduction and Financial Review

I am pleased to report that our first year as an AIM quoted company has been a successful period of development and repositioning of the Group for future growth.

Since flotation in April 2003, when £500,000 was raised by way of a placing, representing 31.6% of the Group's enlarged issued share capital, the Board has been focussed on restructuring the Pentagon Protection Group's activities to solidify the strategic foundations of its future sustainable growth and reduce its dependence on non-core activities.

In anticipation of a rapid growth in the global demand for glass protection of any form, your Board resolved to accelerate the broad-based realisation of the Group's strategic objectives and to invest in initiatives to deliver to its mission of:

"Enhancing the performance of glass to make it safer and more secure for the people of the world today"

As I write, the news is of the appalling Madrid terrorist attacks. When I first invested in Pentagon as a private company in 2000, our objective was to deliver a technology to successfully protect against smash and grab car theft – the bane of British motorists' lives. While we are succeeding in this goal, your Company has also grasped the nettle of a significantly greater and more valuable challenge. That of protecting day-to-day people in their day-to-day lives from any type of glass related injury.

It is a distressing and difficult reality that the ugliness of conflict in the world today underpins the future of Pentagon Protection plc. Whether our products help resist a car thief or protect from the collateral impact of a bomb blast, these threats are of the spectrum of violence facing metropolitan citizens around the world today.

Your Company's goal is to provide security and safety solutions for glass of any kind. This means that our business today is the protection of collateral injury or worse from shattered glass, also in the face of a new and much more lethal threat. With your support and confidence as shareholders, the Board has acted on this broadened mission and invested in initiatives to deliver it. The most significant of these actions was the acquisition of Filmtek Limited, which was completed in December 2003.

Filmtek, our first acquisition since flotation, is a leading specialist in the advancement and installation of safety, security and solar window film on buildings, in the UK and overseas. The acquisition was financed by a Placing of 21 million new ordinary shares at 4.75p, which raised £997,500 gross, and by the issue of 15,789,474 new Ordinary Shares in Pentagon to the vendors. In addition, deferred consideration of up to a maximum of £1 million may also be payable over the next three years, depending on Filmtek's profits in the three years ended 30 April 2006, this to be satisfied by a combination of cash and new ordinary shares in Pentagon. Filmtek has a strong order book, with a number of new customers to add to its blue chip client base.

Parallel to this review, the Board became aware of an impending tightening of UK restrictive legislation in regard to darker automotive tint films on the front side windows of vehicles. Whilst Pentagon has always applied lighter tints as a matter of policy, tints have formed a significant, albeit non-strategic segment of our business. In light of anticipated developments curbing darker tints, your Board took a policy decision in the middle of the year to suspend new domestic franchisee recruitment until the market settled post legislation. This decision, while ethically sound, has negatively impacted upon our financial performance.

Turnover was down to £1.17 million (2002 £1.51 million) and pre tax losses were £270,000 as compared with a profit in 2002 of £136,000. The reduction in profitability was primarily the result of an absence of sales of new domestic franchises that in the previous year amounted to approximately £226,000. The net assets of the Group were £376,000 as at 30 September 2003 compared to net liabilities of £61,000 as at 30 September 2002. In addition, the Group had cash of £252,109 (2002: £20,148) in its balance sheet and equity shareholders' funds of £375,865 (2002: £61,386 deficit). The directors do not recommend payment of a dividend, in line with the stated policy in the Prospectus.

As indicated, this performance reflects the conscious choice half way through the year to suspend new domestic franchisee recruitment, invest in the development of glazing safety, security and protection, and develop new markets and opportunities to capitalise on our leadership in this value added area.

Specifically, beyond the acquisition of Filmtek, we also secured a contract with Volkswagen UK to provide our proprietary protective SupaGlass technology on its vehicles. In addition, we have continued to refine and optimise our proprietary security/safety mark etching technology and finally we have undertaken intensive negotiations to expand the group's interests internationally with specific focus on the Middle East and Far East.

With these developments and with additional agreements with other OEMs (vehicle manufacturers) negotiated since the period end, which include Honda, Peugeot, Mazda and Mercedes, your Board is extremely confident that our revised strategies will contribute to a robust future. We expect the Group's financial performance to steadily improve as a result not only of the expansion of our market into commercial buildings with the Filmtek acquisition, but also as a result of the increasing interest in SupaGlass being demonstrated by automotive manufacturers.

BUSINESS REVIEW

Filmtek Limited

Filmtek will further the Group's aim of becoming a leading supplier of protective glazing products across a significantly broader application base, adding substantial flat glass expertise in relation to commercial and residential buildings. In addition, the acquisition has strengthened your Company's management team, including the appointment of Graham Bannerman, Filmtek's founder and managing director, as Group Chief Executive Officer.

This has enabled Geoffrey Russell to become Group Technical Director from Managing Director, focusing on R&D and worldwide licensing of our products. The acquisition has significantly broadened the international market for Pentagon's SupaGlass product and has added substantial flat-glass expertise to the company's automotive glass skills.

To recap, Filmtek, which was founded in 1996, has grown to become a leading specialist in the advancement and installation of security, safety and solar window film, leading to the development of the Filmtek 'Anchoring Solution', a proprietary technology for containing and anchoring glass which has particular application in overhead glazed roofing.

Filmtek offers advice on the installation of bomb blast and solar control film and provides solutions for upgrading existing glass through the retrospective application of window films. The window films offered by Filmtek include bomb blast/security film, solar control film, privacy film and combination films offering protection from heat and glare and injury from broken glass.

Chairman's Statement *continued*

In the year ended 30 April 2003, Filmtek had a turnover of £2.19 million and a profit before tax of £56,000, after a non-recurring payment of £225,000 to an employee benefit trust.

Filmtek has undertaken several major projects, both nationally and internationally, particularly in the Far East and Middle East, for numerous blue-chip clients, including HSBC, Bank of America, Marks & Spencer, Lloyds TSB, Pilkington, Vodafone, the British Council, a number of Middle East based Groups and various government departments. The company was appointed by Eurostar as the main contractor to film panels of glazing at Waterloo Station and Filmtek recently completed a £390,000 project involving the application of protective film to the glass façade at Changi airport, Singapore. With a number of projects already secured and investment in further client generation in place, this component of your Group's business is well poised to grow substantially, especially in the face of the new world threat of terrorism.

Automotive Market

Window Tinting Legislation

Whilst Pentagon has been at the forefront of supplying window tint products into the market that are entirely safe for road use, demand in parts of the UK for excessively dark tints has grown to such an extent that the Government was recently forced to take action and introduce stringent new regulations.

Section 32 of the Construction and Use Regulations (part of the Road Traffic Act) was changed by Parliament in February 2004 to include reference to window tint films, the effect of which is to prevent the practice of applying tints to the driver and forward passenger windows. This has had a significant effect on demand for window tinting.

Although Pentagon and its franchisees have continued to develop the market for SupaGlass, a high dependence on window tint business has existed historically, necessitating a need to compensate for loss in demand through alternative revenue generating activities. This formed a major part of Pentagon's new initiative development during the course of the year under review.

In anticipation of these regulatory changes and as previously mentioned, your Board also made the decision half way through the calendar year 2003 to curtail its UK franchise recruitment programme (since uncertainty about future rule changes made it difficult to ethically sell UK franchises until more was known about the new rules). Pentagon switched the emphasis instead towards international franchising which is proving very encouraging.

SupaGlass

The Directors are confident that the broad-based demand in the UK for automotive security film, and therefore for our SupaGlass technology, is continuing to grow. The impetus from Government sponsored initiatives to reduce vehicle crime and increase vehicle safety has been fuelled by a number of specific discussions on these issues within Parliament over recent months, especially given that targets on reduction of vehicle crime, a significant proportion of which is perpetrated through broken windows, have not been met. Thefts from vehicles are a significant challenge which, given the evidence that SupaGlass style products are an efficient means of reducing this type of crime, have attracted the attention of the Home Office and the Department for Transport. Your Directors have recently had detailed discussions with the Department for Transport and we are now working in cooperation to create a new standard with SupaGlass as a benchmark, to set the performance criteria for security films in order to meet target reductions in car crime.

Chairman's Statement *continued*

In addition, the Directors have been consolidating your Company's relationships with the Fire Brigade, the Metropolitan Police, the Ambulance Service, and the Ministry of Defence. Pentagon undertook preliminary pilot work with each of these bodies in the course of last year so that the Company will be able to enjoy the fruits of this work within the 2003/2004 fiscal year.

With vehicle safety, Government Health & Safety policies have compelled employers to put more diligence into developing duties of care operations for their employees on the road. For example, a recent article in *Fleet News* highlights that companies now see Health & Safety as their No. 1 company concern. It is anticipated that this will lead to increased Supaglass demand on company vehicles, capitalising on the brand's growing reputation in this area.

Importantly, SupaGlass has achieved accreditation to British Standards BS 209 Part 4a - Specification for Security Glazing for Passenger Cars. This came about through extensive performance testing in conjunction with the UK's Glass & Glazing Federation. In addition, as a result of extensive testing of SupaGlass in collaboration with Thatcham Vehicle Security, the Fire Brigade, the Police Scientific Development Branch and Mercedes UK, your Company is working with Government on the development of a new, anti-theft DIN standard for vehicle glazing. This development will further underpin SupaGlass's reputation in critical stress performance areas and for application to a broader range of vehicles.

Retail Automotive

The group continues to strengthen its leadership in the retail market behind the Pentagon SupaGlass brands. We have further consolidated our exclusive relationships with key dealer groups who will look to promote accessories as additional revenue and profit opportunity over and above the vehicles themselves.

Importantly, Pentagon's SupaGlass retail operation should benefit from broad based independent endorsements of the brand's efficiency. For example, in October 2003 Pentagon received the Institute of Transport Management's award for outstanding contribution to the transport industry and we have enjoyed acknowledgements for SupaGlass's safety and security performance in *Fleet World* and *What Car* magazines.

Original Equipment Manufacturers Automotive

While interest in and demand for SupaGlass is growing across all key OEMs, precipitated by our September 2003 Volkswagen contract, the sector has developed at a slower than pace we were anticipating. What is clear, however, is that interest with our OEM clients is now increasing.

We have recently successfully managed to agree the implementation details of Pentagon's contract with the VW group, the first focus of which will be on VW branded vehicles. In addition, the Citroen Xsara Enterprise vehicle contract, which was discussed in my 2003 interim report, was delayed. However, Citroen has assured us that, due to the quality of Pentagon's performance on this project, they are very keen to broaden their commercial relationship with your Company. Honda is another recently acquired client that has appointed Pentagon to implement a project for solar protection on its vehicle glass. Although we had an original agreement with Honda for a start date of March 2003, following personnel changes within the company this was delayed for a number of months, but we have now commenced work on this project.

In addition, a groundbreaking agreement with Mercedes UK to offer SupaGlass on all Mercedes vehicles through their dealer networks has also been recently confirmed, after months of preparation. This work will begin in London, Birmingham and Manchester during the current fiscal year. Work has also commenced with Peugeot's van division and we have just received the go ahead from Mazda to commence work on a range of their vehicles in the course of the current financial year. Finally, as a result of extensive preparatory work conducted in the year under review, your Company has recently begun supplying SupaGlass to London Transport, the London Fire Brigade and the Ministry of Defence.

International Franchises

In view of the policy decision to suspend pursuit of domestic franchise recruitment, your Board shifted its focus in this area to international. Your Company secured representation in Kuwait and Cyprus. We have also commenced business in the UAE and discussions are well advanced for the geographies of Greece and Italy.

New Initiatives

Pentagon Etchmark

To further consolidate the Group's leadership in the area of enhanced glass security and safety, your Company has been developing its patented safety/security mark etching technology for use by glass and glass-related industries in the face of new legislation to control the standard of glass installed in buildings. The UK Glass & Glazing Federation's recent FENSA (Fenestration Self-Assessment Scheme) dictates that all new building glass is marked or etched with proof of its compliance with pre-determined safety standards.

Pentagon has acquired the rights, developed the technology and registered four patents for a revolutionary new vacuum-based glass etching system. Pentagon Etchmark is significantly superior to messy traditional sandblast or unwieldy chemical systems, is faster in etching application and delivers a superior quality end-result. Importantly, its appeal also lies in its substantially safer method of delivery, meeting many companies' more stringent Health & Safety operational guidelines.

Proof of Pentagon Etchmark's potential has been established across the year in close collaboration with the UK's leading glass and glazing manufacturers, modifying the delivery technology to meet these prospective clients' requirements. Encouraged by the resoundingly positive acceptance of Etchmark by these client companies, your Company is proceeding to in-market testing of this device with a major UK-based glass manufacturer.

In addition, Etchmark has strong potential in the automotive sector for security etching, complementing Pentagon's portfolio of products and services in this core sector.

Outlook

The time invested by your Board and its new and strengthened senior management in this year has resulted in a significantly broader and stronger base for your Company's growth.

In our two lead companies, Pentagon Glass Tech and Filmtek, we have clear demonstration of product appeal both for SupaGlass and our other protection technologies. The need for protection across glass of all types continues to grow, driven by urban criminal violence and terrorism. We are investing too in the expansion of our presence to the two potentially high growth geographies of the Middle East and Far East.

Chairman's Statement *continued*

We have also seen an improvement in the confidence of our client companies to increase levels of business with us, resulting from further improvements and performance accreditation of our technologies and from our client service levels.

We enter the current year stronger and I and my Board view the future with confidence.

David Thomas
Chairman
26 March 2004

Directors' Report

Directors:	D A Thomas	(Appointed 16/1/2003)
	G P Russell	(Appointed 16/1/2003)
	R Bambra	(Appointed 10/2/2003)
	D C Stewart	(Appointed 15/03/2003)
	G H Bannerman	(Appointed 11/12/2003)

Instant Companies Limited and Swift Incorporations Limited were the first directors of the company who both resigned on 16 January 2003.

Secretary: D C Stewart

Registered office: Pentagon House, Acton Park Estate, The Vale, London, W3 7QE

Registered number: 4488281

The directors present their report together with the audited financial statements of the company and the group for the period ended 30 September 2003. The company was incorporated as Amulethoney Plc on 17 July 2002 and changed its name to Pentagon Protection Plc on 3 February 2003.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

(i) select suitable accounting policies and then apply them consistently;

(ii) make judgements and estimates that are reasonable and prudent;

(iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

(iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the group, 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Comparative figures

No comparative figures are provided for Pentagon Protection Plc (individual company) as these are the first financial statements drawn up by the company. Comparative figures are provided for the consolidated financial statements as these have been prepared under the merger accounting rules. The comparatives assume that the existing structure was also in place at 30 September 2002 and are presented on that basis.

Principal activities

Pentagon Protection Plc, which had been a dormant company, became the parent company of Pentagon Glass Tech Limited and Pentagon Glass Tech (Franchising) Limited on 25th March 2003. The principal activities of the group during the year were the application of solar protective and safety films to car windows and the franchising of similar services within the UK and abroad.

Review of the business

The results of the group for the year are shown on page 13 of the financial statements. A review of the business and future developments are included in the Chairman's statement on pages 2 to 7.

Important event since the year end

In December 2003 Pentagon acquired 100% of the share capital of Filmtek Limited, a company which supplies solar control, safety and security film. Total consideration for the acquisition was £2.5m of which £1m is contingent upon the future performance of Filmtek Limited. The initial £1.5m was settled equally by way of cash and shares issued. The further consideration will be paid three quarters in shares in Pentagon Protection Plc and one quarter in cash.

Results and dividends

The directors do not recommend the payment of a dividend. The loss for the year transferred to reserves is £381,922 (2002: profit £224,588).

Directors and their interests

The directors at 30 September 2003 are shown above.

The directors' beneficial interests in the share capital of the company were as follows:

	At 30 September 2003 Ordinary shares of 0.1p each	*On appointment Ordinary shares of £1 each*
D A Thomas	40,597,788	–
G P Russell	3,611,124	–
R Bambra	2,815,660	–

D C Stewart did not have any beneficial interest in the share capital of Pentagon Protection Plc or its subsidiaries during the year.

No director had any right to subscribe for shares in the company or any subsidiary.

Supplier payment policy

The group's policy is to obtain the best possible terms for all business and hence there is no standard policy as to the terms used. The group seeks to abide by the payment terms agreed with

Directors' Report *continued*

suppliers when it is satisfied that the supplier has provided goods and services in accordance with contractual arrangements.

Trade creditors of the group at 30 September 2003 were equivalent to 53 days purchases based on the average daily amount incurred by suppliers during the year (2002: 70 days).

Auditors

BDO Stoy Hayward LLP, Chartered Accountants, of Emerald House, East Street, Epsom, Surrey, KT17 1HS were appointed as auditors of the company during the year by the directors and will be proposed for reappointment at the forthcoming annual general meeting in accordance with section 384 of the Companies Act 1985.

The independence and objectivity of the external auditors is considered by the board of directors on a regular basis, with particular regard to the level of non-audit fees. The split between audit and non-audit fees for the year under review appears on page 19. The non-audit fees were principally paid in connection with the company's admission to AIM and are considered by the directors not to affect the auditors independence or objectivity.

By order of the Board

D A Thomas
Director
26 March 2004

Independent Auditors' Report to the Shareholders of Pentagon Protection PLC

We have audited the financial statements of Pentagon Protection Plc for the period ended 30 September 2003 which comprise the consolidated profit and loss account, consolidated balance sheet, company balance sheet, consolidated cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 17, 18 and 19.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Group 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 and other members of the Group is not disclosed.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

Independent Auditors' Report to the Shareholders of Pentagon Protection PLC *continued*

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the Group as at 30 September 2003 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD LLP BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors

Emerald House
East Street
Epsom
Surrey
KT17 1HS

26 March 2004

Consolidated Profit and Loss Account

For the period ended 30 September 2003

	Notes	2003 £	2002 £
Turnover	3	1,165,914	1,509,180
Cost of sales		(354,100)	(316,948)
Gross profit		811,814	1,192,232
Selling and distribution costs		(251,496)	(260,551)
Administrative expenses		(817,303)	(749,982)
Other operating income	6	17,754	14,795
Operating (loss)/profit	4	(239,231)	196,494
Interest receivable and similar income	7	988	268
Interest payable and similar charges	8	(32,179)	(60,820)
(Loss)/profit on ordinary activities before taxation		(270,422)	135,942
Tax on (loss)/profit on ordinary activities	9	(111,500)	88,646
(Loss)/profit on ordinary activities after taxation		(381,922)	224,588
Losses brought forward		(307,702)	(532,290)
Losses carried forward		£(689,624)	£(307,702)
Basic and diluted (loss)/earnings per share	10	(0.47p)	0.28p

Turnover and operating losses are derived entirely from continuing operations.

There are no recognised gains or losses, other than the loss for the financial year.

The attached notes 1 to 28 form a part of these financial statements.

Consolidated Balance Sheet

As at 30 September 2003

	Notes		2003	2002
		£	£	£
Fixed assets				
Tangible assets	*11*		161,808	176,559
Current assets				
Stocks	*13*	39,274		26,074
Debtors	*14*	388,734		390,157
Deferred tax asset	*17*	–		118,000
Cash at bank and in hand		252,109		20,148
		680,117		554,379
Creditors: Amounts falling due within one year	*15*	(413,105)		(508,761)
Net current assets			267,012	45,618
Total assets less current liabilities			428,820	222,177
Creditors: Amounts falling due after more than one year	*16*		(52,955)	(283,563)
			£375,865	£(61,386)
Capital and reserves				
Called up share capital	*18*		89,167	54,166
Share premium account	*20*		784,172	–
Merger reserve	*20*		192,150	192,150
Profit and loss account	*20*		(689,624)	(307,702)
Equity shareholders' funds	*19*		£375,865	£(61,386)

The financial statements were approved by the Board of directors and signed on its behalf by:

D A Thomas
Director

26 March 2004

The attached notes 1 to 28 form a part of these financial statements.

Company Balance Sheet

As at 30 September 2003

	Notes	2003 £	£
Fixed assets			
Investments	*12*		1,624,948
Current assets			
Debtors	*14*	596,897	
Cash at bank and in hand		203,308	
		800,205	
Creditors: Amounts falling due within one year	*15*	(14,339)	
Net current assets			785,866
Total assets less current liabilities			£2,410,814
Capital and reserves			
Called up share capital	*18*		89,167
Share premium account	*20*		784,172
Merger reserve	*20*		1,570,783
Profit and loss account	*20*		(33,308)
Equity shareholders' funds			£2,410,814

The financial statements were approved by the Board of directors and signed on its behalf by:

D A Thomas
Director

26 March 2004

The attached notes 1 to 28 form a part of these financial statements.

Consolidated Cash Flow Statement

For the period ended 30 September 2003

	Notes	£	2003 £	2002 £
Net cash (outflow)/inflow from operating activities	21		(340,211)	75,202
Returns on investments and servicing of finance				
Interest received		988		268
Interest paid		(30,446)		(22,567)
Interest element of finance lease payments		(1,733)		(2,164)
Net cash outflow from returns on investments and servicing of finance			(31,191)	(24,463)
			(371,402)	50,739
Taxation				
UK corporation tax paid			(29,354)	–
			(400,756)	50,739
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(15,695)		(5,111)
Receipts from sales of tangible fixed assets		21,672		4,499
Net cash inflow/(outflow) from investing activities			5,977	(612)
Net (outflow)/inflow before management of liquid resources and financing			(394,779)	50,127
Financing				
Capital element of finance lease rental payments		(35,539)		(32,166)
Loans repaid to financial institutions		(18,462)		(18,461)
Net decrease in director's loan		(155,423)		(20,001)
New share issue		1,109,999		–
Flotation costs		(290,826)		–
Increase in factor finance		42,201		–
Net cash inflow/(outflow) from financing			651,950	(70,628)
Increase/(decrease) in cash	22		£257,171	£(20,501)

The attached notes 1 to 28 form a part of these financial statements.

Notes to the Consolidated Financial Statements

For the period ended 31 March 2003

1. BASIS OF CONSOLIDATION

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. On the 25th March 2003 Pentagon Protection Plc, which until that date had been a dormant company, acquired all the shares in both Pentagon Glass Tech Limited and Pentagon Glass Tech (Franchising) Limited, by way of a share for share transfer. The shareholders in Pentagon Protection Plc immediately after the transaction were the same as those in the two subsidiary companies immediately before the transaction. This combination has been accounted for using merger accounting rules and therefore includes the results of the group since 30 September 2002 which was the most recent financial year end of the two subsidiaries. The comparative figures include the combined results for Pentagon Glass Tech Limited and Pentagon Glass Tech (Franchising) Limited for the year ended 30 September 2002.

Pentagon Protection Plc has taken advantage of section 230 of the Companies Act 1985 and accordingly is not publishing its own profit and loss account. The group loss for the year includes a loss after tax of £33,308 which is dealt with in the profit and loss account of the parent company.

2. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

Accounting convention

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

Turnover

Turnover represents invoiced sales less returns exclusive of value added tax and trade discounts.

Investments

Investments are included in these financial statements at the cost of the ordinary share capital acquired. Adjustments to this value are only made when, in the opinion of the directors, a permanent diminution in value has taken place and where there is no prospect of an improvement in the foreseeable future.

Notes to the Consolidated Financial Statements *continued*

2. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	–	Over period of the lease
Plant & machinery	–	15% to 25% reducing balance
Fixtures & fittings	–	25% reducing balance
Motor vehicles	–	25% reducing balance

Stocks

Stocks of goods held for resale are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Leased assets

Where assets are financed by leasing or hire purchase agreements, the assets are treated as if they had been purchased. The present value of the minimum lease payments payable during the lease term is capitalised as a tangible asset and the corresponding leasing commitment is included as a liability. Rentals payable are apportioned between interest which is charged to the profit and loss account, and capital which reduces the outstanding commitment.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Pension contributions

The company operates a defined contribution scheme for its employees.

The funds of this scheme are administered by trustees and are separate from the company. All payments are charged to the profit and loss account as and when they arise.

Deferred tax

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Deferred tax balances are not discounted.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Gains or losses on foreign currency translations are charged to the profit and loss account as and when they arise.

Notes to the Consolidated Financial Statements *continued*

2. ACCOUNTING POLICIES *(continued)*

Research and development

Development expenditure is capitalised on clearly defined projects whose outcome can be assessed with reasonable certainty. Amortisation is commenced in the year when significant revenues from the development occur and is charged at 33% of net book value. All other research and development expenditure is written off in the year in which it is incurred.

Invoice discounting

The group discounts some of its trade debts. The accounting policy is to include trade debt within trade debtors due within one year and record cash advances within creditors due within one year. Discounting fees and interest are charged to the profit and loss account when incurred. Bad debts are borne by the group and are charged to the profit and loss account when incurred.

3. TURNOVER

The turnover is attributable to the principal activities of the group and is derived as follows:

	2003	*2002*
	£	£
United Kingdom	1,133,919	1,288,934
America	–	150,994
Europe	16,250	65,000
Africa	5,745	4,252
Middle East	10,000	–
	£1,165,914	£1,509,180

All operating (losses)/profits and net assets are attributed to the principal activities of the group within the United Kingdom.

4. OPERATING (LOSS)/PROFIT

	2003	*2002*
	£	£
The operating (loss)/profit is stated after charging/(crediting):		
Employees' pension contributions	660	2,420
Depreciation of tangible fixed assets		
– owned	21,682	19,697
– held under finance lease agreements	14,141	7,159
Auditors' remuneration for statutory audit services	17,500	12,000
Hire of equipment	9,476	1,862
(Profit)/loss on disposal of fixed assets	(1,863)	3,620
Operating lease rentals – other assets	20,816	19,843

During the year, the auditors received £77,000 for services in connection with the company's flotation on AIM. This has been debited to the share premium account.

Notes to the Consolidated Financial Statements *continued*

5. EMPLOYEES INCLUDING DIRECTORS

The average number of employees (including directors) during the year were as follows:

	2003 No.	2002 No.
Operations	11	8
Administration	5	7
Sales	4	4
	20	19

The aggregate payroll costs of these persons were:

	£	£
Wages and salaries	413,909	414,807
Social security costs	46,241	41,302
Pension costs	660	2,420
	£460,810	£458,529

Details of directors' emoluments are set out below:

Aggregate emoluments (including benefits in kind)	£103,312	£34,373

Amounts paid to third parties:

Sums paid to a third party for the services of a director	£12,000	£–

6. OTHER OPERATING INCOME

	2003 £	2002 £
Rental income receivable	£17,754	£14,795

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £	2002 £
On bank deposits	£988	£268

Notes to the Consolidated Financial Statements *continued*

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Interest on loans and overdrafts	7,145	8,906
Interest on other loans	15,738	36,089
Finance charges under finance lease agreements	1,733	2,164
Interest charged on factored debts	7,563	8,676
Other interest – overdue tax	–	4,985
	£32,179	£60,820

9. TAX ON LOSS ON ORDINARY ACTIVITIES

	2003 £	2002 £
(a) Analysis of the tax charge/(credit) in the year:		
UK corporation tax at current rates	–	29,354
Tax recoverable in respect of prior years	(6,500)	–
Total current tax (see below)	(6,500)	29,354
Deferred tax: (note 17)		
Origination and reversal of timing differences	–	(118,000)
Write back of deferred tax asset recognised in prior year	118,000	–
Tax charge(credit)/on ordinary activities	£111,500	£(88,646)

(b) Factors affecting tax charge for the year:

This year the group has no profits chargeable to corporation tax.

	2003 £	2002 £
(Loss)/profit on ordinary activities before tax	(270,422)	135,942
Tax on (loss)/profit on ordinary activities at standard rate 30%	(81,127)	40,783
Effects of:		
Marginal relief	–	(15,754)
Expenses/(credits) not allowable for tax purposes	20,873	(17,187)
Brought forward losses utilised	–	(7,161)
Tax recoverable in respect of prior years	(6,500)	–
Tax losses carried forward	60,254	28,673
Current tax charge for the year	£(6,500)	£29,354

Notes to the Consolidated Financial Statements

10. (LOSS)/EARNINGS PER SHARE

The calculations of (loss)/earnings per share are based on the following (losses)/profits and numbers of shares:

	2003 Basic £	2003 Diluted £	2002 Basic £	2002 Diluted £
(Loss)/profit for financial year	£(381,922)	£(381,922)	£224,588	£224,588
Weighted average number of shares: For basic and diluted (loss)/earnings per share	81,495,627	81,495,627	79,166,860	79,166,860

Ordinary share issues after 30 September 2003

In December 2003 Pentagon Protection Plc acquired 100% of the ordinary share capital of Filmtek Limited. To effect this transaction, 15,789,474 ordinary Pentagon Protection Plc shares of 0.1p each were issued directly to the owners of Filmtek Limited. In addition, a further 21,000,000 ordinary shares of 0.1p each were issued in a share placing to raise sufficient cash to complete the transaction. Deferred consideration of up to a maximum of £1 million may also be payable over the next three years, depending on Filmtek's profits in the three years ended 30 April 2006. This to be satisfied by a combination of cash and new ordinary shares in Pentagon Protection Plc.

11. TANGIBLE FIXED ASSETS

Group	*Short term leasehold improvements* £	*Plant & machinery* £	*Fixtures & fittings* £	*Motor vehicles* £	*Total* £
Cost:					
At 01.10.02	81,838	65,342	35,103	75,104	257,387
Additions	–	7,751	7,374	25,756	40,881
Disposals	–	–	–	(31,660)	(31,660)
At 30.09.03	81,838	73,093	42,477	69,200	266,608
Depreciation:					
At 01.10.02	21,469	28,305	16,288	14,766	80,828
Charge for the year	5,456	11,110	5,042	14,215	35,823
Disposals	–	–	–	(11,851)	(11,851)
At 30.09.03	26,925	39,415	21,330	17,130	104,800
Net book value:					
At 30.09.03	£54,913	£33,678	£21,147	£52,070	£161,808
At 30.09.02	£60,369	£37,037	£18,815	£60,338	£176,559

The net book value of the tangible fixed assets includes £51,547 (2002: £60,338) in respect of assets held under finance leases. Depreciation charged in the year on those assets amounted to £14,141 (2002: £7,159).

Notes to the Consolidated Financial Statements *continued*

12. INVESTMENTS

Investments in subsidiary undertakings

Company

On 25 March 2003 Pentagon Protection Plc issued shares to acquire 100% of the issued ordinary share capital of the following companies, all of which are incorporated in England and Wales. At the date of acquisition these investments were valued at £1,624,948.

Name:	*Principal activity:*
Pentagon Glass Tech Limited	Application of solar-protective and safety films to car windows
Pentagon Glass Tech (Franchising) Limited	Franchising of the application of solar protective and safety films to car windows
Pentagon Glass Technologies Limited	Dormant
Pentagon Auto-Tint Limited	Dormant

13. STOCKS

	2003 Group £	*2003 Company* £	*2002 Group* £
Goods held for resale	39,274	–	26,074
	£39,274	£–	£26,074

14. DEBTORS

	2003 Group £	*2003 Company* £	*2002 Group* £
Trade debtors	228,369	–	193,665
Other debtors	73,512	–	93,310
Amounts due from group companies	–	596,897	–
Prepayments and accrued income	86,853	–	103,182
	£388,734	£596,897	£390,157

All amounts fall due within one year

Notes to the Consolidated Financial Statements *continued*

15. CREDITORS: Amounts falling due within one year

	2003 Group £	2003 Company £	2002 Group £
Bank loans and overdrafts	18,468	–	44,449
Obligations under finance leases	17,211	–	24,978
Trade creditors	145,937	14,339	162,728
Corporation tax creditor	–	–	29,354
Other taxes and social security costs	48,529	–	91,461
Other creditors	166,220	–	77,317
Accruals and deferred income	16,740	–	78,474
	£413,105	£14,339	£508,761

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the group.

Included in other creditors is £87,756 (2002: £210,331 in creditors falling due after more than one year and £32,848 in creditors falling due within one year) owed to D A Thomas, a director of the company. The loan has no fixed date of repayment.

16. CREDITORS: Amounts falling due after more than one year

	2003 Group £	2003 Company £	2002 Group £
Bank loans	20,771	–	38,462
Obligations under finance leases	32,184	–	34,770
Other creditors	–	–	210,331
	£52,955	£–	£283,563

Debt is analysed by maturity below:

Amounts falling due in more than one year but not more than two years

	2003 £	2002 £
Bank loans	18,462	18,462
Obligations under finance leases	16,018	24,978
	£34,480	£43,440
Amounts falling due in more than two years but not more than five years		
Bank loans	2,309	20,000
Obligations under finance leases	16,166	9,792
	£18,475	£29,792
Total debt due after more than one year	£52,955	£73,232

Notes to the Consolidated Financial Statements *continued*

17. DEFERRED TAX

	2003 Group £	2003 Company £	2002 Group £
Accelerated capital allowances	–	–	23,147
Tax losses	–	–	(141,147)
	£–	£–	£(118,000)
Movement in year			
At 1 October 2002	(118,000)	–	–
Deferred tax credit to the profit and loss account	–	–	(118,000)
Write back of deferred tax asset recognised in prior year	118,000	–	–
At 30 September 2003	£–	£–	£(118,000)

As at 30 September 2002 a deferred tax asset of £118,000 was recognised in the financial statements of Pentagon Glass Tech Limited. In order for this asset to continue to be recognised it would be necessary for Pentagon Glass Tech Limited to generate sufficient taxable profits to be able to reduce its resulting tax charge by £118,000. Owing to recent legislation affecting the tinting business and the uncertainty surrounding its impact on the future revenues of Pentagon Glass Tech Limited the directors do not consider it likely that such profits will be generated within this subsidiary for the foreseeable future. In accordance with FRS 19, Deferred tax, the directors have decided to no longer recognise this asset. The directors, however, remain confident that the Group as a whole will return to profitability in due course. The Group had unused trading losses of £690,000 at the year end.

18. SHARE CAPITAL

	2003 £	2002 £
Group and company		
Authorised:		
100,000,000 ordinary shares of 0.1p each	–	100,000
150,000,000 ordinary shares of 0.1p each	150,000	–
	£150,000	£100,000
Group		
Allotted, called up and fully paid:		
54,166,668 ordinary shares of 0.1p each	–	54,166
89,166,668 ordinary shares of 0.1p each	89,167	–
	£89,167	£54,166
Company		
Allotted, called up and fully paid:	–	
89,166,668 ordinary shares of 0.1p each	89,167	
	£89,167	

18. SHARE CAPITAL *(continued)*

Pentagon Protection Plc share transaction history

The company was incorporated on 17 July 2002 with an authorised share capital of 100,000 ordinary £1 shares. On that date two £1 ordinary shares were issued to the original subscribers at par value.

On 25th March 2003 the share capital was subdivided into shares of 0.1p each resulting in an authorised share capital of 100,000,000 ordinary shares of which 2,000 had been issued. On the same date the authorised share capital was increased to 150,000,000.

On the same day, 54,164,668 ordinary 0.1p shares were issued for 3p each to acquire 100% of the share capital of Pentagon Glass Tech Limited and Pentagon Glass Tech (Franchising) Limited. These companies were valued at £1,624,948 on the date of acquisition.

On 2nd April 2003 Pentagon Protection Plc was admitted to AIM and a further 25,000,000 ordinary 0.1p shares were issued for 3p each by way of a share placing.

On 7th July 2003 there was a further placing of 10,000,000 ordinary 0.1p shares for 3.6p each.

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003	*2003*	*2002*
	Group	*Company*	*Group*
	£	£	£
Net proceeds/value from share issues	819,173	2,444,122	–
(Loss)/profit for the financial year	(381,922)	(33,308)	224,588
Shareholders' funds at 1 October 2002	(61,386)	–	(285,974)
Shareholders' funds at 30 September 2003	£375,865	£2,410,814	£(61,386)

20. RESERVES

Group	Merger reserve £	Share premium £	Profit & loss account £	Total £
At 1 October 2002	192,150	–	(307,702)	(115,552)
Premium arising on shares issued during the year	–	1,074,998	–	1,074,998
Less costs of share issue	–	(290,826)	–	(290,826)
Loss for the year			(381,922)	(381,922)
At 30 September 2003	£192,150	£784,172	£(689,624)	£286,698

Company	Merger reserve £	Share premium £	Profit & loss account £	Total £
Premium arising on shares issued in period	–	1,074,998	–	1,074,998
Arising on acquisition of subsidiary companies	1,570,783	–	–	1,570,783
Less costs of share issue	–	(290,826)	–	(290,826)
Loss for the period	–	–	(33,308)	(33,308)
At 30 September 2003	£1,570,783	£784,172	£(33,308)	£2,321,647

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating (loss)/profit	(239,231)	196,494
Depreciation of tangible fixed assets	35,823	26,856
(Profit)/loss on disposal of tangible fixed assets	(1,863)	3,620
Decrease/(increase) in debtors	7,923	(136,290)
Decrease in creditors	(129,663)	(16,428)
(Increase)/decrease in stocks	(13,200)	950
Net cash (outflow)/inflow from operating activities	£(340,211)	£75,202

Notes to the Consolidated Financial Statements *continued*

22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003 £	*2002* £
Increase/(decrease) in cash in the year	257,171	(20,501)
Cash movements relating to debt and lease financing	167,223	70,628
Movement in net debt resulting from cash flows	424,394	50,127
Inception of new finance leases	(25,186)	(46,695)
Change in net debt	399,208	3,432
Net debt at 1 October 2002	(410,110)	(413,542)
Net debt at 30 September 2003	£(10,902)	£(410,110)

23. ANALYSIS OF CHANGES IN NET DEBT

	At 1.10.02 £	Cash flow £	Other non–cash changes £	At 30.09.03 £
Cash at bank and in hand	20,148	231,961	–	252,109
Overdrafts	(25,216)	25,210	–	(6)
	(5,068)	257,171	–	252,103
Debt due within one year	(52,081)	173,885	(228,022)	(106,218)
Debt due after one year	(248,793)	–	228,022	(20,771)
Finance leases	(59,748)	35,539	(25,186)	(49,395)
Factor finance	(44,420)	(42,201)	–	(86,621)
	£(410,110)	£424,394	£25,186	£(10,902)

24. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash, borrowings, factor finance and hire purchase and finance lease liabilities, as well as various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. Short term debtors and creditors have been excluded from the following disclosures.

The fair value of the Group's financial assets and liabilities is not materially different from the carrying values in the balance sheet.

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

The main risk arising from the Group's financial instruments is interest rate risk and liquidity risk.

Notes to the Consolidated Financial Statements *continued*

24. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

It is the Group's policy to regularly review the Group's exposure to interest rate risk.

Liquidity risk

It is the Group's policy to constantly review the Group's exposure to liquidity risk so that an appropriate balance between continuity of funding and short term flexibility is achieved. The maturity profile of the Group's financial liabilities as at 30 September 2003 is detailed in note 16 to the accounts.

Interest rate risk profile of financial assets and financial liabilities

a) Financial assets

The Group's exposure to interest rate risk currently applies only to the interest received on cash deposits which is based on the Nat West base rate. The Group's sterling floating rate cash balances at the year end were £252,109 (2002: £20,148).

b) Financial liabilities

The interest rate profile of the Group's financial liabilities was as follows:

Currency	*Total* £	*Floating rate financial liabilities* £	*Fixed rate financial liabilities* £
At 30 September 2003			
Sterling	£263,011	£213,616	£49,395
At 30 September 2002			
Sterling	£397,011	£337,263	£59,748

All fixed rate financial liabilities relate to hire purchase and finance agreements which have different levels of agreed fixed interest rates.

The floating rate financial liabilities comprise:

i) Sterling denominated bank borrowings and overdrafts and a director's loan that bear interest based on the Nat West base rate.

ii) Sterling denominated borrowings from a factor that bear interest based on Lloyds Bank base rate.

Undrawn committed borrowing facilities

At 30 September 2003 the Group had an undrawn committed overdraft facility of £50,000 (2002: £4,784) which is subject to review annually.

Notes to the Consolidated Financial Statements *continued*

25. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2003, the group had annual commitments under non-cancellable operating leases as follows:

	2003 £	2002 £
Equipment and vehicle leases expiring:		
Within one year	6,025	1,811
Between two and five years	16,979	17,135
	£23,004	£18,946
Land and building leases expiring		
After five years	£141,000	£141,000

26. RELATED PARTY DISCLOSURES

Material balances with related parties arising during the year were as follows:

	2003 £	2002 £
Balances with related parties:		
Creditor balances		
D A Thomas – director's loan and unpaid interest	£87,756	£243,179
Related party transactions		
Net loan balances repaid to David Thomas	162,858	20,000
Interest on loan from David Thomas	7,435	36,089
Warrener Stewart:		
– accountancy and consultancy fees within profit and loss account	21,858	N/A
– consultancy fees debited to share premium account	32,500	N/A
R Bambra consultancy fees	20,000	N/A
R Russell sub–contractor fees	11,200	N/A

Nature of relationships

D A Thomas is a director of the company.

D C Stewart is a non executive director of the company and is also a partner in Warrener Stewart.

R Bambra is a non executive director of the company.

R Russell is a brother of G P Russell who is a director of the company.

27. ULTIMATE CONTROLLING PARTY

Pentagon Protection Plc is listed on AIM and there is no individual controlling party.

Notes to the Consolidated Financial Statements *continued*

28. POST BALANCE SHEET EVENT

In December 2003 Pentagon Protection Plc acquired 100% of the share capital of Filmtek Limited, a company which supplies solar control, safety and security film. Total consideration for the acquisition was £2.5m of which £1m is contingent upon the future performance of Filmtek Limited. The initial £1.5m was settled equally by way of cash and shares issued. The further consideration will be paid three quarters in shares in Pentagon Protection Plc and one quarter in cash.

Notice of Annual General Meeting 2004

Notice is hereby given that the Annual General Meeting of Pentagon Protection Plc ("the Company") will be held at the offices of Seymour Pierce at Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL at 11.00 a.m. on 4 May 2004 for the following purposes:.

Resolutions

To consider and, if thought fit, pass the following resolutions 1 to 4 as ordinary resolutions and resolution 5 as a special resolution:

1. To receive and adopt the Report of the directors and the Accounts for the year ended 30 September 2003.

2. To reappoint BDO Stoy Hayward as the Company's auditors to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be determined by the directors.

3. To reappoint Danielle Stewart retiring by rotation as a director in accordance with the provisions of the Articles of Association and, being eligible, offering herself for re-election as a director of the Company.

4. That the directors be and are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 (the 'Act') to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £78,000, such authority to expire five years from the date of the passing of this resolution (Expiry Date), save that the Company may before the Expiry Date make an offer or agreement which would or might require relevant securities to be allotted after the Expiry Date and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired and this authority shall be in substitution for and shall replace any existing authority pursuant to Section 80 of the Act to the extent not utilised at the date this Resolution is passed.

5. That, subject to the passing of the previous resolution;
   (i) the Board be and is hereby empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority conferred by the previous resolution as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities in connection with a rights issue in favour of Ordinary shareholders where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them; and

   (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £25,000 and shall expire on the date of the next annual general meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

Notice of Annual General Meeting 2004

continued

Registered Office: BY ORDER OF THE BOARD

Pentagon House
4 Acton Park Estate
The Vale
London W3

Danielle Stewart
Company Secretary
Dated: 30 March 2004

Notes:

1. Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, only holders of shares in the capital of the Company at 2.00pm on 30 March 2004 or 48 hours before any adjourned meeting are entitled to attend and vote at the meeting or any adjourned meeting. Changes to entries on the relevant register of securities after such times shall be disregarded in determining the rights of any person to attend or vote at the meeting.

2. A shareholder may appoint one or more proxies who need not be a member to attend and on a poll, to vote instead of him. A form of proxy is enclosed. The completion and return of a form of proxy will not prevent a member from attending the annual general meeting and voting in person should he/she so wish. Forms of proxy if used (together with any power of attorney or other authority, if any, under which they are signed or notarially certified or office copy of such authority) must be lodged with the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 2.00pm on 2 May 2004.

3. The Register of Interests of directors and of their family interests in the share capital of the Company and copies of service contracts under which the directors of the Company are employed by the Company or any of its subsidiaries (or a memorandum of the terms of such service contracts) will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturday and public holidays excepted) from the date of this notice until the conclusion of the annual general meeting and will also be available for inspection at the place of the annual general meeting for at least 15 minutes prior to such meeting until its conclusion.