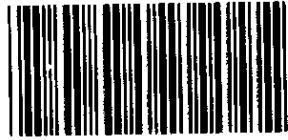




Chartered Accountants

Stokes House
College Sq. East
Belfast BT1 6DH
Northern Ireland



00212

First Derivatives Limited

Abbreviated financial statements

Year ended 31 March 2000

(As modified by Articles 254, 255 and Schedule 8 of
the Companies (Northern Ireland) Order 1986)



First Derivatives Limited

Statement of director's responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. He is 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.

By order of the board



Brian Conlon
Director

15/9/2000



Chartered Accountants

Stokes House
College Sq. East
Belfast BT1 6DH
Northern Ireland

Auditors' report to the directors of First Derivatives Limited pursuant to Article 255B of the Companies (Northern Ireland) Order 1986

We have examined the abbreviated financial statements set out on pages 3 to 8 together with the financial statements of First Derivatives Limited prepared under Article 234 of the Companies (Northern Ireland) Order 1986 for the year ended 31 March 2000.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Article 254 of the Companies (Northern Ireland) Order 1986. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Article 254(5) and (6) of the Order to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated financial statements have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Article 254(5) and (6) of the Companies (Northern Ireland) Order 1986 and the abbreviated accounts are properly prepared in accordance with that provision.

KPMG
Chartered Accountants
Registered Auditors

15 September 2000



First Derivatives Limited

Abbreviated balance sheet

At 31 March 2000

| | <i>Note</i> | 2000 | | 1999 | |
|---|-------------|------------------|-----------------------|------------------|-----------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 2 | | 23,621 | | 17,361 |
| Current assets | | | | | |
| Debtors | 3 | 1,409,701 | | 677,598 | |
| Cash at bank and in hand | | 2,727 | | 187,674 | |
| | | <u>1,412,428</u> | | <u>865,272</u> | |
| Creditors - amounts falling due within one year | 4 | <u>(568,575)</u> | | <u>(358,139)</u> | |
| Net current assets | | | <u>843,853</u> | | <u>507,133</u> |
| Total assets less current liabilities | | | <u>867,474</u> | | <u>524,494</u> |
| Creditors - amounts falling due after more than one year | 5 | | <u>(22,156)</u> | | <u>(6,796)</u> |
| Net assets | | | <u><u>845,318</u></u> | | <u><u>517,698</u></u> |
| Share capital and reserves | | | | | |
| Called-up share capital | 7 | | 10,000 | | 10,000 |
| Profit and loss account | 8 | | 835,318 | | 507,698 |
| Equity shareholders' funds | 11 | | <u><u>845,318</u></u> | | <u><u>517,698</u></u> |

The director has taken advantage of the exemption conferred by Part VIII to the Companies (Northern Ireland) Order 1986 on the basis that the company qualifies as a small company.



Brian Conlon
Director

The notes on pages 4 to 8 form part of these financial statements.

First Derivatives Limited

Notes

(forming part of the abbreviated financial statements)

1 Accounting policies

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

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

Cash flow statement

The company is exempt by virtue of paragraph 5 of Financial Reporting Standard 1 (Revised 1996) from the requirement to prepare a cash flow statement.

Depreciation of fixed assets

Depreciation is calculated to write off the original cost less the expected residual value of fixed assets over their anticipated useful lives at the following annual rates:

| | | |
|--------------------------------|---|----------------------|
| Motor vehicles | - | 25% straight line |
| Office furniture and equipment | - | 25% straight line |
| Plant and equipment | - | 25-50% straight line |

Taxation

Corporation tax is calculated on the results of the period.

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Pension plans

The company operates "Personal Pension Plans" whereby the company agrees to pay, for eligible employees, a defined contribution into the employee's own personal pension scheme. The pension charge represents contributions payable by the company for the year. The company's liability is limited to the amount of the contribution. The liability for meeting future pension payments rests solely with the employee's personal pension scheme.

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

First Derivatives Limited

Notes (continued)

2 Tangible fixed assets

| | <i>Total</i> |
|-------------------------|---------------|
| | £ |
| <i>Cost</i> | |
| At 1 April 1999 | 49,047 |
| Additions | 61,962 |
| Disposals | (42,200) |
| | <hr/> |
| At 31 March 2000 | 68,809 |
| | <hr/> |
| <i>Depreciation</i> | |
| At 1 April 1999 | 31,686 |
| Charged during period | 25,919 |
| Disposals | (12,417) |
| | <hr/> |
| At 31 March 2000 | 45,188 |
| | <hr/> |
| <i>Net book value</i> | |
| At 31 March 2000 | 23,621 |
| | <hr/> <hr/> |
| At 31 March 1999 | 17,361 |
| | <hr/> <hr/> |

The bases by which depreciation is calculated are stated in Note 1.

3 Debtors

| | 2000 | 1999 |
|------------------------|------------------|----------------|
| | £ | £ |
| Trade debtors | 621,243 | 286,424 |
| Sundry debtors | 559,015 | - |
| Prepayments | 1,200 | 2,371 |
| ACT recoverable | - | 23,400 |
| S.419 recoverable | 139,649 | 71,345 |
| VAT recoverable | - | 2,144 |
| Director's loan | 58,594 | 285,379 |
| Employees' loans | - | 4,145 |
| Income tax recoverable | - | 2,390 |
| Accrued grant income | 30,000 | - |
| | <hr/> | <hr/> |
| | 1,409,701 | 677,598 |
| | <hr/> <hr/> | <hr/> <hr/> |

First Derivatives Limited

Notes (continued)

4 Creditors - amounts falling due within one year

| | 2000 | 1999 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| Bank overdraft | 58,176 | - |
| Trade creditors | 29,943 | 18,046 |
| Other taxation and social security | 13,680 | 44,793 |
| Accruals and deferred income | 17,023 | 31,784 |
| Hire purchase | - | 2,500 |
| Loan - equipment | 8,313 | - |
| Loan - IFI | 2,504 | 3,029 |
| Corporation tax | 248,270 | 184,046 |
| ACT payable | 4,600 | 15,500 |
| S.419 payable | 126,745 | 58,441 |
| VAT payable | 59,321 | - |
| | <hr/> | <hr/> |
| | 568,575 | 358,139 |
| | <hr/> <hr/> | <hr/> <hr/> |

5 Creditors - amounts falling due after more than one year

| | 2000 | 1999 |
|----------------|-------------|-------------|
| | £ | £ |
| Equipment loan | 17,865 | - |
| Loan - IFI | 4,291 | 6,796 |
| | <hr/> | <hr/> |
| | 22,156 | 6,796 |
| | <hr/> <hr/> | <hr/> <hr/> |

The loan from IFI is repayable over five years from the date the loan was drawn down. The loan is secured by an all monies assignment over the company's plant and machinery.

6 Related party transactions

Sundry debtors consists of an amount of £559,015 due to the company from an unincorporated property development venture in which Brian Conlon, director, has an interest. These monies have been advanced on an interest bearing basis at normal commercial rates.

First Derivatives Limited

Notes (continued)

7 Share capital

| | 2000 £ | 1999 £ |
|--|-------------------|-------------------|
| <i>Authorised</i> | | |
| Ordinary shares of £1 each | 100,000 | 100,000 |
| | <u> </u> | <u> </u> |
| <i>Issued, allotted and fully paid</i> | | |
| Ordinary shares of £1 each | 10,000 | 10,000 |
| | <u> </u> | <u> </u> |

8 Reserves

| | 2000 £ | 1999 £ |
|---------------------------------|-------------------|-------------------|
| Retained profit brought forward | 507,698 | 225,721 |
| Retained profit for the period | 327,620 | 281,977 |
| | <u> </u> | <u> </u> |
| At 31 March 2000 | 835,318 | 507,698 |
| | <u> </u> | <u> </u> |

9 Capital commitments

There were no capital commitments at either year end.

10 Deferred taxation

| | 2000 £ | 1999 £ |
|--|-------------------|-------------------|
| Full potential liability not provided for in respect of timing differences arising on capital allowances | - | - |
| | <u> </u> | <u> </u> |

No provision has been made for deferred taxation since no liability is expected to crystallise in the foreseeable future.

The basis by which taxation is calculated is stated in Note 1.

First Derivatives Limited

Notes *(continued)*

11 Equity shareholders' funds

| | 2000 | 1999 |
|-------------------|-------------|-------------|
| | £ | £ |
| At 1 April 1999 | 517,698 | 235,721 |
| Profit for period | 327,620 | 281,977 |
| | <hr/> | <hr/> |
| At 31 March 2000 | 845,318 | 517,698 |
| | <hr/> <hr/> | <hr/> <hr/> |

12 Contingent liabilities

Contingent liabilities exist in respect of the LEDU grant and the IFI loan received by the company, whereby, in the event of the company failing to meet one or more of the conditions contained in the letters of offer to the company, the company would be liable to repay either the LEDU grant and/or the IFI loan.