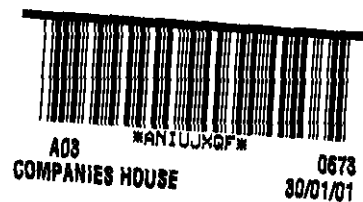


Panatown Limited

(Company Number 1875921)

Report and Accounts

30th March 2000



PANATOWN LIMITED
REPORT OF THE DIRECTORS

DIRECTORS:

W.J. Gredley (Chairman)

A.J.A. Helme

SECRETARY:

A.J.A. Helme

The directors present their report and the company's accounts for the year ended 30th March 2000.

PRINCIPAL ACTIVITY

The company's principal activity during the year was that of building construction. The company is currently in substantial legal proceedings relating to previous years' activities.

DIRECTORS AND THEIR INTERESTS

The directors during the year were W.J. Gredley (Chairman) and A.J.A. Helme, neither of whom held any beneficial interest in the shares of the company during the period. Their interests in the shares of the ultimate parent company, Unex Holdings Limited, are shown in the accounts of that company.

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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- . select suitable accounting policies and then apply them consistently;
- . make judgements and estimates that are reasonable and prudent;
- . prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors draw attention to Note 1(ii) of the Accounts.

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

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Registered Office:

Unex House,
Church Lane,
Stetchworth,
Cambridgeshire.

11th December 2000

**BY ORDER OF
THE BOARD**



A.J.A. Helme
Secretary

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF PANATOWN LIMITED

We have audited the financial statements on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of 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 company's circumstances, consistently applied and adequately disclosed.

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

Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the future financing of the company. The financial statements have been prepared on a going concern basis, the validity of which depends upon future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain continuing financial support. Details of circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30th March 2000 and of the loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

4 London Wall Buildings,
Blomfield Street,
LONDON,
EC2M 5UQ.

11th December 2000


BAKER TILLY
Chartered Accountants
Registered Auditors

PANATOWN LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED
30TH MARCH 2000

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
<u>TURNOVER</u>		550,000	150,000
Cost of sales		(1,071,625)	(490,784)
		_____	_____
<u>GROSS LOSS</u>		(521,625)	(340,784)
Administrative expenses		(1,782,458)	(343,753)
		_____	_____
<u>OPERATING LOSS</u>	2	(2,304,083)	(684,537)
Interest payable		(2,617)	(3,497)
		_____	_____
<u>LOSS ON ORDINARY</u> <u>ACTIVITIES BEFORE</u> <u>TAXATION</u>		(2,306,700)	(688,034)
Tax on loss on ordinary activities		-	-
		_____	_____
<u>LOSS FOR THE FINANCIAL</u> <u>YEAR</u>	7	(2,306,700)	(688,034)
<u>PROFIT AND LOSS ACCOUNT</u> <u>at 31st March 1999</u>		(11,034,403)	(10,346,369)
		_____	_____
<u>PROFIT AND LOSS ACCOUNT</u> <u>at 30th March 2000</u>		<u>£(13,341,103)</u>	<u>£(11,034,403)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the year of £2,306,700 (1999: Loss £688,034)

The notes on pages 5 to 7 form part of these accounts.

PANATOWN LIMITED
BALANCE SHEET
30TH MARCH 2000

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
<u>CURRENT ASSETS</u>			
Stock	4	428,837	12,779
Prepayments and accrued income		1,143	-
Cash at bank and in hand		22	55
		430,002	12,834
<u>CREDITORS: AMOUNTS FALLING</u>			
<u>DUE WITHIN ONE YEAR</u>	5	(13,771,005)	(11,047,137)
<u>NET DEFICIENCY OF ASSETS</u>		<u>£(13,341,003)</u>	<u>£(11,034,303)</u>
 <u>CAPITAL AND RESERVES</u>			
Called up share capital	6	100	100
Profit and loss account		(13,341,103)	(11,034,403)
<u>EQUITY SHAREHOLDERS'</u>			
<u>FUNDS</u>	7	<u>£(13,341,003)</u>	<u>£(11,034,303)</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 11th December 2000

..... W.J. Gredley
W.J. Gredley)
) DIRECTORS

..... A.J.A. Heine
A.J.A. Heine)

The notes on pages 5 to 7 form part of these accounts

PANATOWN LIMITED

NOTES TO THE ACCOUNTS

30TH MARCH 2000

1. ACCOUNTING POLICIES

i. Basis of Preparation

The accounts are prepared under the historical cost convention. No cash flow statement is presented. A group statement is included in the accounts of the ultimate parent company.

ii. Going Concern

The accounts are prepared on a going concern basis, the validity of which depends on the continuing financial support of another group company. This group undertaking has confirmed that it will continue to provide working capital, either directly or indirectly, whilst it believes that, taken as a whole, the company's worth will be enhanced by its continuing activities. This support does not extend to underwriting all the obligations of the company. See Note 8.

iii. Turnover

Certain construction works being carried out by the company have been invoiced and paid for in advance in a previous accounting period. As relevant work in progress is satisfactorily completed it is passed to the purchaser and is not included in the company's balance sheet.

No turnover arose from this type of transaction in the year (1999: Nil).

iv. Stock

Work in progress is valued at the lower of cost and net realisable value.

2.	<u>OPERATING LOSS</u>	<u>2000</u>	<u>1999</u>
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This is stated after charging:

Auditors' remuneration	<u>£1,000</u>	<u>£1,000</u>
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3. DIRECTORS' REMUNERATION

No director received any emoluments during the year (1999:Nil).

PANATOWN LIMITED

NOTES TO THE ACCOUNTS

30TH MARCH 2000

4. STOCK

Stock comprises work in progress and raw materials on site at 30th March 2000 under building construction contracts with group undertakings.

5. CREDITORS: AMOUNTS FALLING

DUE WITHIN ONE YEAR

	<u>2000</u>	<u>1999</u>
Bank overdraft	632,152	73,226
Trade creditors	841,548	386,304
Amounts owed to group undertakings	11,409,352	10,586,920
Tax and social security costs	683	687
Accruals	887,270	-
	<u>£13,771,005</u>	<u>£11,047,137</u>

The bank overdraft is secured by guarantees given by the ultimate parent company.

6. SHARE CAPITAL

Authorised:

1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
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Allotted, called up and fully paid:

100 ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
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7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Opening shareholders' funds	(11,034,303)	(10,346,269)
Loss for the year	(2,306,700)	(688,034)
	<u>£(13,341,003)</u>	<u>£(11,034,303)</u>
Closing shareholders' funds		

8. CONTINGENT LIABILITIES

A national building contractor is claiming against both the company and Unex Corporation Limited for approximately £2m above a fixed contract price, a claim which the directors consider to be spurious.

Conversely, the company is claiming, against the contractor in respect of the fixed price building contract, complete rectification plus a sum in excess of the contractor's claim. The claim is based upon the grounds of poor workmanship, non-compliance with the terms of the contract and non-completion of such contract.

PANATOWN LIMITED

NOTES TO THE ACCOUNTS

30TH MARCH 2000

The company's claim against the builder is mirrored by a similar claim against the company by a group undertaking.

Legal costs arising during the year have been written off. No provision has been made in respect of legal costs arising after the period end.

9. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption provided by paragraph 3(c) of Financial Reporting Standard 8 from reporting transactions with group companies.

10. CONTROLLING PARTY

The immediate parent company is Unex Corporation Limited and the ultimate parent company is Unex Holdings Limited. Both companies are registered in England. The ultimate controlling party is Mr. W.J. Gredley.

11. GUARANTEES

The company has given guarantees, along with other group companies, on certain borrowings of the group, including the company's bank overdraft shown in Note 5. At 30th March 2000 these borrowings totalled £3,500,000.