Registrar of Companies Copy

Company Registration No. 2321021 (England and Wales)

GEMACO HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002



CGJ Partnership
CHARTERED ACCOUNTANTS

GEMACO HOLDINGS LIMITED

COMPANY INFORMATION

Directors	P Lodge A Lodge
Secretary	Mrs Y Lodge
Company number	2321021
Registered office	32-40 Harwell Road, Nuffield Industrial Estate Poole Dorset BH17 0GE
Auditors	C G J Partnership Tower House Parkstone Road Poole Dorset BH15 2JH
Business address	32-40 Harwell Road, Nuffield Industrial Estate Poole Dorset BH17 0GE

GEMACO HOLDINGS LIMITED

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GEMACO HOLDINGS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and financial statements for the year ended 31 December 2002.

Principal Activities
The principal activity of the company continued to be that of the provision of management services and assets to its wholly owned subsidiaries, Cable First Limited and Concept Cables Limited.

Directors
The following directors have held office since 1 January 2002:

P Lodge
A Lodge

Directors' Interests
The directors' interests in the shares of the company were as stated below:

	Ordinary Shares Class A of 10p each	
	31 December 2002	**1 January 2002**
P Lodge	20,001	20,001
A Lodge	19,999	19,999

	Ordinary Shares Class C of 10p each	
	31 December 2002	**1 January 2002**
A Lodge	1,250	1,250

The shareholdings of A Lodge includes a non-beneficial interest of 1250 'C' shares.

Auditors
In accordance with section 385 of the companies Act 1985, a resolution proposing that C G J Partnership be reappointed as auditors of the company will be put to the Annual General Meeting.

GEMACO HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002

Directors' responsibilities

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

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

The directors are responsible for keeping proper accounting records 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.

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

By order of the board

Y Lodge

Mrs Y Lodge
Secretary
16.6.03

GEMACO HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GEMACO HOLDINGS LIMITED

We have audited the financial statements of Gemaco Holdings Limited on pages 4 to 16 for the year ended 31 December 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the 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 company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CGJ Partnership

C G J Partnership

Chartered Accountants
Registered Auditor

16-6-03

Tower House
Parkstone Road
Poole
Dorset
BH15 2JH

GEMACO HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Turnover		382,727	472,856
Cost of sales		(101,147)	(139,663)
Gross profit		281,580	333,193
Administrative expenses		(168,385)	(171,413)
Other operating income		515	8,507
Operating profit	2	113,710	170,287
Interest payable and similar charges	3	(28,207)	(31,401)
Profit on ordinary activities before taxation		85,503	138,886
Tax on profit on ordinary activities	4	(23,023)	(37,273)
Profit on ordinary activities after taxation		62,480	101,613
Dividends		-	(30,000)
Retained profit for the year	13	62,480	71,613

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

GEMACO HOLDINGS LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2002

	Notes	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	**5 and 6**		1,980,738		809,236
Investments	**7**		102		2
			1,980,840		809,238
Current assets					
Debtors	**8**	347,168		222,335	
Cash at bank and in hand		-		56,886	
		347,168		279,221	
Creditors: amounts falling due within one year	**9**	(381,213)		(378,712)	
Net current liabilities			(34,045)		(99,491)
Total assets less current liabilities			1,946,795		709,747
Creditors: amounts falling due after more than one year	**10**		(1,326,601)		(155,961)
Provisions for liabilities and charges	**11**		(3,927)		-
			616,267		553,786
Capital and reserves					
Called up share capital	**12**		4,500		4,500
Share premium account	**13**		70,000		70,000
Profit and loss account	**13**		541,767		479,286
Shareholders' funds - equity interests			616,267		553,786

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

The financial statements were approved by the Board on 16.6.03

P Lodge
Director

A Lodge
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties valued by the directors on an existing use open market value basis. Other tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% straight line
Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% reducing balance

Investment properties are included in the balance sheet at their open market value.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1 Accounting policies **(continued)**

1.6 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no liability would have been recognised as the conditions for recognition would not have been satisfied.

1.7 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating profit

	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	79,136	116,374
Operating lease rentals	9,000	9,000
Auditors' remuneration	2,500	1,550
Directors' emoluments	47,700	54,916

3 Interest payable

	2002	2001
	£	£
Included in interest payable is the following amount:		
Hire purchase interest	4,845	8,794

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002

4 Taxation	2002 £	2001 £
Domestic current year tax		
U.K. corporation tax	19,767	37,273
Adjustment for prior years	(671)	-
Current tax charge	19,096	37,273
Deferred tax		
Deferred tax charge/credit current year	3,927	-
	23,023	37,273
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	85,503	138,886
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.27% (2001 : 21.60%)	16,476	29,999
Effects of:		
Depreciation add back	15,495	25,137
Capital allowances	(12,127)	(17,969)
Other tax adjustments	(748)	106
	2,620	7,274
Current tax charge	19,096	37,273

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002

5 Tangible fixed assets

	Land and buildings	Motor vehicles	Plant and machinery	Total
	£	£	£	£
Cost				
At 1 January 2002	435,905	17,000	672,734	1,125,639
Additions	521,092	-	-	521,092
At 31 December 2002	956,997	17,000	672,734	1,646,731
Depreciation				
At 1 January 2002	46,978	11,170	438,557	496,705
Charge for the year	19,134	1,458	58,544	79,136
At 31 December 2002	66,112	12,628	497,101	575,841
Net book value				
At 31 December 2002	890,885	4,372	175,633	1,070,890
At 31 December 2001	388,927	5,830	234,177	628,934

The net book value of other tangible fixed assets includes £22,845 (2001 - £54,793) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £7,615 (2001 - £18,264) for the year.

6 **Tangible fixed assets**

	Investment properties £
Cost	
At 1 January 2002	219,593
Additions	729,546
At 31 December 2002	949,139
Depreciation	
At 1 January 2002 & at 31 December 2002	39,291
Net book value	
At 31 December 2002	909,848
At 31 December 2001	180,302

The investment properties were revalued at 31 December 2002 by the directors of the company on an existing use value. No depreciation is provided in respect of these properties.

On an historical cost basis these properties would have been included at an original cost of £949,439 (2001 - £219,593), and aggregate depreciation of £71,249 (2001 - £52,266). In the opinion of the directors the book value of these properties represent a fair reflection of their market value.

7 Fixed asset investments

	Shares in group undertakings and participating interests
	£
Cost	
At 1 January 2002	2
Additions	100
At 31 December 2002	102

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Concept Cables Limited	England and Wales	Ordinary	100
Cable First Limited	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2002	Profit for the year 2002
	£	£
Concept Cables Limited	-	-
Cable First Limited	98,210	12,271

No results are available for Concept Cables Limited in respect of the year ended 31 December 2002, as the company did not commence trading until 13 September 2002. The first financial statements of the subsidiary will be prepared in respect of the period ending 31 Decmber 2003.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002

8 Debtors	2002 £	2001 £
Trade debtors	-	10,575
Amounts owed by group undertakings and undertakings in which the company has a participating interest	347,168	211,760
	347,168	222,335

Amounts falling due after more than one year and included in the debtors above are:

	2002 £	2001 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	343,643	211,760

9 Creditors: amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts	130,117	66,968
Net obligations under hire purchase contracts	8,123	38,023
Trade creditors	702	-
Taxation and social security	36,274	55,360
Other creditors	205,997	218,361
	381,213	378,712

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

10 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Bank loans	1,326,601	147,838
Net obligations under hire purchase contracts	-	8,123
	1,326,601	155,961

Analysis of loans

Wholly repayable within five years	1,415,950	311,317
Included in current liabilities	(89,349)	(163,479)
	1,326,601	147,838

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

11 Provisions for liabilities and charges

	Deferred tax liability £
Profit and loss account	3,927
Balance at 31 December 2002	3,927

The deferred tax liability is made up as follows:

	2002 £	2001 £
Accelerated capital allowances	3,927	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2002

12 Share capital

	2002 £	2001 £
Authorised		
800,000 Ordinary shares class A of 10p each	80,000	80,000
100,000 Ordinary shares class B of 10p each	10,000	10,000
100,000 Ordinary shares class C of 10p each	10,000	10,000
	100,000	100,000
Allotted, called up and fully paid		
40,000 Ordinary shares class A of 10p each	4,000	4,000
5,000 Ordinary shares class C of 10p each	500	500
	4,500	4,500

Rights to dividends are at the discretion of the directors who hold 'A' class shares only.

'A' class ordinary shares have 1 vote per share while 'B' and 'C' ordinary shares have no voting rights.

The 'A' class shares have priority to any residue upon winding up in proportion to the nominal amount paid up on such shares.

13 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2002	70,000	479,287
Retained profit for the year	-	62,480
Balance at 31 December 2002	70,000	541,767

14 Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2002 £	2001 £
Expiry date:		
In over five years	9,000	9,000

15 Transactions with directors

During the year P Lodge made net withdrawals of £nil (2001:£2,227) from his director's loan account leaving a balance at the year end of £113,800 (2001 : £113,800).

During the year A Lodge made withdrawals of £6,000, leaving a balance in his director's loan account of £nil (2001 : £6,000).

16 Control

The ultimate controlling party is Mr P Lodge, a director of the company, by virtue of the fact that he owns 50.0025% of the 'A' class ordinary shares issued.

17 Related party transactions

During the year the company entered into transactions with Cable First Limited and Concept Cables Limited, its wholly owned subsidiaries. All transactions were dealt with at arm's length and the values of goods and services supplied were as follows:

Cable First Limited

	2002	2001
	£	£
Management charges	104,466	217,462
Rent of property	97,956	97,956
Rent of plant and machinery	79,724	78,775

At 31 December 2002 the balance on the intercompany account owed by Cable First Limited amounted to £332,278 (2001: £211,760)

Mrs Y Lodge withdrew £2,162 from her loan account leaving a balance at 31 December 2002 amounting to of £20,349 (2001 : £22,511)

M. Lodge withdrew £5,000 from her loan account during the year leaving a balance at 31 December 2002 amounting to £6,000 (2001 : £11,000)

The company paid Mrs Y Lodge £9,000 during the year in respect of rent for premises at unit 16 Dawkins Road.

Concept Cables Limited

	2002	2001
	£	£
Management charges	2,000	-
Rent of property	1,000	-

At 31 December 2002 the balance on the intercompany account owed by Concept Cable Limited amounted to £14,890 including a trade debt of £3,525.