

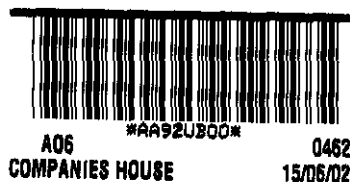
THOMAS RESEARCH SERVICES LIMITED

FINANCIAL STATEMENTS

31st AUGUST 2001

COMPANY NUMBER: 2518421

E. DAVID GRAY - CHARTERED ACCOUNTANT - THORNGUMBALD



THOMAS RESEARCH SERVICES LIMITED

Directors' Report

The directors present their report and the unaudited accounts for the year ended 31 August 2001.

Directors' Responsibilities

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 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.

Activities

The company's principal activity, which is unchanged since last year, is the provision of consultancy services in respect of slag analysis.

Directors and their Interests

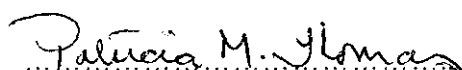
The directors at 31 August 2001 and their interests in the share capital of the company throughout the year then ended were as follows:-

Ordinary Shares

G. H. Thomas Esq.	4,208
Mrs. P. M. Thomas	4,208
I. D. Thomas Esq.	4,208

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

By order of the board



Secretary - Mrs. P. M. Thomas

22nd May 2002

Registered Office

4 Tattershall Castle Court
New Holland
Lincolnshire

ACCOUNTANT'S REPORT TO THE SHAREHOLDERS

ON THE UNAUDITED ACCOUNTS FOR THOMAS RESEARCH SERVICES LIMITED

I report on the accounts for the year ended 31st August 2001 set out on pages 3 – 6.

Respective responsibilities of directors and reporting accountants.

As described on page 1 the company's directors are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is my responsibility to carry out procedures designed to enable me to report my opinion.

Basis of opinion

My work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so my procedures consisted of comparing the accounts with the accounting records kept by the company and making such limited enquiries of the officers of the company as I considered necessary for the purposes of this report. These procedures provide only the assurance expressed in my opinion.

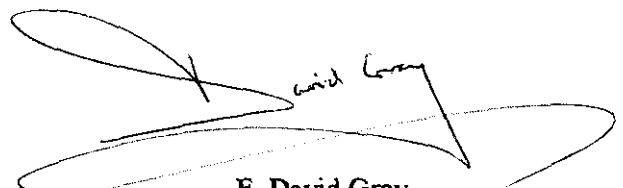
Opinion

In my opinion

- (a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985:
- (b) having regard only to and on the basis of the information contained in those accounting records
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not at any time within that year fall within any of the categories of companies not entitled to the exemption specified in section 249B(1)

THORNGUMBALD

22nd May 2002



E. David Gray
Reporting Accountant

THOMAS RESEARCH SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st AUGUST, 2001

<u>Notes</u>	<u>2000/2001</u>	<u>1999/2000</u>
2 <u>Turnover</u>	111921	83968
Cost of Sales	<u>52079</u>	<u>53030</u>
<u>Gross profit</u>	59842	30938
Administrative expenses	<u>87444</u>	<u>125892</u>
<u>Operating profit (loss)</u>	(27602)	(94954)
Interest receivable	446	5935
Rent Income	<u>6247</u>	<u>--</u>
	6693	5935
3 <u>Profit (Loss) on ordinary activities before taxation</u>	(20909)	(89019)
7 Tax on profit on ordinary activities	<u>(3567)</u>	<u>(16642)</u>
<u>Profit for the financial year on ordinary activities after taxation</u>	(17342)	(72377)
Dividends	<u>--</u>	<u>--</u>
	(17342)	(72377)
Balance brought forward	<u>110213</u>	<u>182590</u>
<u>Retained profit carried forward</u>	<u>£ 92871</u>	<u>£ 110213</u>

THOMAS RESEARCH SERVICES LIMITED

BALANCE SHEET AS AT 31st AUGUST 2001

<u>Notes</u>	<u>2001</u>	<u>2000</u>
8 <u>Tangible fixed assets</u>	68880	79758
<u>Current assets</u>		
Stock and Work In Progress	2225	17000
4 Debtors	30011	32488
Cash at bank and in hand	<u>43657</u>	<u>26966</u>
	75893	76454
5 <u>Creditors:</u> Amounts falling due Within one year	<u>35070</u>	<u>29167</u>
	40823	47287
<u>Total assets less current liabilities</u>	<u>£ 109703</u>	<u>£ 127045</u>
<u>Capital and reserves</u>		
6 Called up share capital	16832	16832
Profit and Loss Account	<u>92871</u>	<u>110213</u>
	<u>£ 109703</u>	<u>£ 127045</u>

For the year ended 31st August 2001 the company was entitled to exemption under section 249A(1) of the Companies Act 1985.

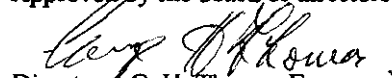
No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibilities for:

- i) Ensuring the company keeps accounting records which comply with section 221; and
- ii) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The accounts are prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

Approved by the board of directors on 22nd May 2002 and signed on their behalf by:


Director G. H. Thomas Esq.

THOMAS RESEARCH SERVICES LIMITED

NOTES TO THE ACCOUNTS AT 31st AUGUST 2001

1 **Accounting policies**

Depreciation

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

Laboratory equipment	20% written down value
Laboratory fixtures and fittings	10% written down value
Office Equipment	20% written down value
Motor vehicles	25% written down value
Expenditure on Leasehold Property	Over three years

Stocks and Work in Progress

These are valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

	<u>2001</u>	<u>2000</u>
2 <u>Turnover</u>		
The percentage of turnover relating to non-UK markets is:	0.00%	0.00%
3 <u>Profit on ordinary activities before taxation</u>		
This is stated after charging:		
Directors' emoluments	<u>£ 34043</u>	<u>£ 49664</u>
Depreciation – owned assets	<u>£ 18744</u>	<u>£ 21598</u>
4 <u>Debtors</u>		
Trade debtors	22822	13660
Corporation Tax	2883	16624
Prepayments	1991	2204
Other Debtors	2315	--
	<u>£ 30011</u>	<u>£ 32488</u>
5 <u>Creditors: Amounts falling due within one year</u>		
Trade Creditors	1015	41
Taxation and Social Security	8608	2369
Directors' account	23070	23070
Other creditors	2377	3687
	<u>£ 35070</u>	<u>£ 29167</u>

NOTES TO THE ACCOUNTS AT 31st AUGUST 2001

		<u>2001</u>	<u>2000</u>
6	<u>Called up share capital</u>		
	Ordinary shares of £1 each:		
	Authorised	<u>£ 20000</u>	<u>£ 20000</u>
	Allotted and fully paid	<u>£ 16832</u>	<u>£ 16832</u>
7	<u>Tax on profit on ordinary activities</u>		
	UK Corporation Tax – Year to 31-8-98	--	(9852)
	- Year to 31-8-99	(2886)	(6772)
	Interest received	<u>(681)</u>	<u>(17)</u>
		<u>£ (3567)</u>	<u>£ (16641)</u>

Deferred taxation has not been provided in these accounts, and the provisions made in earlier years have been written back. Deferred taxation arises from the timing differences between depreciation provisions on fixed assets and the capital allowances claims made for tax purposes. The amount of Corporation Tax so deferred at 31st August 2001 is £378.

8	<u>Tangible fixed assets</u>	<u>Expenditure on leasehold property</u>	<u>Plant and machinery, etc.</u>	<u>Total</u>
	<u>Cost</u>			
	At 1 st September 2000	5599	186611	192210
	Additions	4062	3804	7866
	Disposals	--	--	--
	At 31 st August 2001	<u>£ 9661</u>	<u>£ 190415</u>	<u>£ 200076</u>
	<u>Depreciation</u>			
	At 1 st September 2000	5599	106853	112452
	Provided during the year	1352	17392	18744
	Disposals	--	--	--
	At 31 st August 2001	<u>£ 6951</u>	<u>£ 124245</u>	<u>£ 131196</u>
	<u>Net book value</u>			
	At 31 st August 2001			<u>£ 68880</u>
	At 31 st August 2000			£ 79758