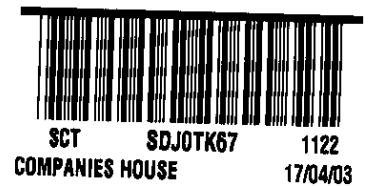


Pursol Limited
Report and Financial Statements
Year ended 31 March 2002



COMPANY INFORMATION

DIRECTORS

MA Clapham

RB Clapham

D Porter

SECRETARY

Secretar Securities Limited

REGISTERED OFFICE

249 West George Street

Glasgow

G2 4RB

REGISTERED NUMBER

SC85357

AUDITORS

BDO Stoy Hayward

Ballantine House

168 West George Street

Glasgow

G2 2PT

BANKERS

Bank of Scotland, 11 Renfield Street, Glasgow, G2 5EZ

REPORT OF THE DIRECTORS
for the year ended 31 March 2002

The directors present their report together with the audited financial statements of the company for the year ended 31 March 2002.

RESULTS AND DIVIDENDS

The results of the company for the year ended 31 March 2002 are set out on page 5.

The directors do not recommend the payment of a dividend and the profit has been transferred to reserves.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company's principal activities are that of property investment and development.

The directors intend to continue with the company's existing activities and have no immediate plans for developing other business areas.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and their interests in the share capital were:

	Ordinary shares of £1 each	
	31 March 2002	31 March 2001
	No.	No.
RB Clapham	99	99
MA Clapham	1	1

D Porter was appointed a director of the company on 14 February 2003.

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- 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.

REPORT OF THE DIRECTORS
for the year ended 31 March 2002

AUDITORS

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

The financial statements were approved by the Board on 8 April 2003.

A handwritten signature in black ink, appearing to read 'RB Clapham', with a long horizontal stroke extending to the right.

RB Clapham
Director

PROFIT AND LOSS ACCOUNT**For the year ended 31 March 2002****REPORT OF THE INDEPENDENT AUDITORS****to the shareholders of Pursol Limited**

We have audited the financial statements of Pursol Limited for the year ended 31 March 2002 on pages 5 to 13 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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.

This 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 purposes 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.

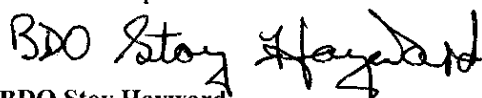
Basis of audit opinion

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 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO Stoy Hayward
Chartered Accountants
and Registered Auditors
Glasgow

8 April 2003

Pursol Limited

PROFIT AND LOSS ACCOUNT For the year ended 31 March 2002

	Notes	2002 £	2001 £
Turnover	2	18,690	10,875
Administrative expenses		(883)	(2,188)
Operating profit	3	<u>17,807</u>	<u>8,687</u>
Income from fixed asset investments	4	175,000	125,000
Interest receivable		25	-
Interest payable	5	(2,739)	(4,827)
Profit on ordinary activities before taxation		<u>190,093</u>	<u>128,860</u>
Taxation	6	(58,817)	(55,753)
Profit for the year transferred to reserves	13	<u><u>131,276</u></u>	<u><u>73,107</u></u>

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES For the year ended 31 March 2002

	2002 £	2001 £
Profit for the year	131,276	73,107
Unrealised surplus on revaluation of investment in joint venture	6,013	135,617
Total recognised gains and losses	<u><u>137,289</u></u>	<u><u>208,724</u></u>

The notes on pages 7 to 13 form part of these financial statements.

Pursol Limited

BALANCE SHEET

As at 31 March 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	73,432	73,432
Investments	8	2,362,265	2,356,252
		<u>2,435,697</u>	<u>2,429,684</u>
CURRENT ASSETS			
Stocks	9	30,067	30,067
Debtors	10	647,594	488,587
Cash at bank		-	788
		<u>677,661</u>	<u>519,442</u>
CREDITORS: amounts falling due within one year	11	<u>(175,491)</u>	<u>(148,548)</u>
NET CURRENT ASSETS		502,170	370,894
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,937,867</u>	<u>2,800,578</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Revaluation reserve	13	1,362,265	1,356,252
Profit and loss account	13	1,575,502	1,444,226
Equity shareholders' funds		<u>2,937,867</u>	<u>2,800,578</u>

The financial statements were approved by the Board on 8 April 2003.



RB Clapham
Director

The notes on pages 7 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property and certain fixed asset investments, and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Investment properties

Investment properties are accounted for in accordance with SSAP 19 and are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

Although the Companies Act 1985 would normally require systematic annual depreciation of fixed assets, the director believes that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current values for investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

Joint venture

The company's interest in its joint venture is stated at valuation. Distributions from the joint venture are included in the profit and loss account when received.

Turnover

Turnover represents income from property rent receivable from investment properties during the year.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost represents the purchase price of property plus direct costs of development work including attributable overheads.

Deferred taxation

Deferred tax is provided on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain. Provision is not made for the potential taxation which would arise on the disposal of investments at their revalued amounts.

2. TURNOVER

By class of business:

	2002	2001
	£	£
Property rental income	18,690	10,875

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

3. OPERATING PROFIT

This is stated after charging:

	2002	2001
	£	£
Auditors' remuneration	1,000	1,000
	<u> </u>	<u> </u>

4. INCOME FROM FIXED ASSET INVESTMENTS

	2002	2001
	£	£
Distribution received from joint venture	175,000	125,000
	<u> </u>	<u> </u>

5. INTEREST PAYABLE

	2002	2001
	£	£
On bank loans and overdrafts	2,739	4,827
	<u> </u>	<u> </u>

6. TAXATION

	2002	2001
	£	£
<i>UK Corporation tax</i>		
Current tax on profits for the year	58,647	52,307
Adjustments in respect of previous periods	170	3,446
	<u> </u>	<u> </u>
	<u>58,817</u>	<u>55,753</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

6. TAXATION (continued)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2002	2001
	£	£
Profit on ordinary activities before tax	190,093	128,860
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30%	57,028	38,658
Expenses not deductible for tax purposes	-	-
Capital allowances in excess of depreciation	(185)	(417)
Taxable income not in profit & loss account in excess of distributions	1,804	14,066
Current tax charge for the year	58,647	52,307
Adjustments in respect of prior year tax under-provided	170	3,446
	58,817	55,753

7. TANGIBLE FIXED ASSETS

	Investment property £
<i>At valuation:</i>	
At 1 April 2001 and 31 March 2002	73,432

The investment property was revalued at 31 March 2002 by the directors on an open market basis for existing use.

On the historical cost basis, investment property would have been included as follows:

	£
Cost:	
At 1 April 2001 and 31 March 2002	73,432

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

8. FIXED ASSET INVESTMENTS

	Investment in joint venture £	Investment in related company £	Total £
<i>Cost or valuation:</i>			
At 1 April 2001	1,356,252	1,000,000	2,356,252
Valuation adjustment	6,013	-	6,013
At 31 March 2002	1,362,265	1,000,000	2,362,265
At 31 March 2001	1,356,252	1,000,000	2,356,252

The company owns 14.5% of the allotted share capital of Credential Holdings Limited, a company registered in Scotland. Its principal activities are to act as the parent company of a property investment and development group and an environmental group.

The company has an 50% interest in a joint venture undertaking with a third party, Dolma Finance SA. Its principal activity is that of property investment. The investment was valued by RB Clapham, a director of the company on 31 March 2002, being an estimate of its market value based on the joint venture's net assets. The historical cost equivalent is £nil (2001 - £nil). Potential taxation if the investment was sold at valuation is £240,000 (2001 - £240,000).

9. STOCKS

	2002 £	2001 £
Work in progress	30,067	30,067

10. DEBTORS

	2002 £	2001 £
Other debtors	643,814	481,922
ACT recoverable	2,500	2,500
Prepayments and accrued income	1,280	4,165
	647,594	488,587

Included in other debtors at 31 March 2002 is a loan of £nil (2001 - £10,000) due from RB Clapham. The highest balance outstanding during the year was £10,000.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2002

11. CREDITORS: amounts falling due within one year

	2002	2001
	£	£
Bank overdraft	42,043	-
Trade creditors	1,692	-
Corporation tax	109,997	105,324
Other creditors	9,759	29,759
Accruals & deferred income	12,000	13,465
	<u>175,491</u>	<u>148,548</u>

12. CALLED UP SHARE CAPITAL

	2002	2001
	£	£
Authorised:		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
100 ordinary shares of £1	100	100
	<u>100</u>	<u>100</u>

13. RESERVES

	Revaluation reserve	Profit and loss account
	£	£
At 1 April 2001	1,356,252	1,444,226
Revaluation surplus for the year	6,013	-
Profit for the year	-	131,276
	<u>1,362,265</u>	<u>1,575,502</u>
At 31 March 2002		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the year	131,276	73,107
Other recognised gains and losses	6,013	135,617
Net addition to shareholders' funds	137,289	208,724
Opening shareholders' funds	2,800,578	2,591,854
Closing shareholders' funds	2,937,867	2,800,578

15. CONTINGENT LIABILITIES

The company is jointly and severally liable for the liabilities of its joint venture.

16. RELATED PARTY TRANSACTIONS

At 31 March 2002, the company had the undernoted balances outstanding with companies which are owned and controlled by RB Clapham and MA Clapham:

	2002 £	2001 £
Amounts owed to the company	643,814	471,558
Amounts owed by the company	(2,800)	(22,800)

The movements in the inter-company balances during the year result from cash transfers between Pursol Limited and Credential Holdings Limited.

On 1 November 1989, R.B. Clapham and Mrs M.A. Clapham provided a letter of guarantee to the Bank of Scotland for the amount of £20,000.

17. ULTIMATE CONTROLLING PARTY

The company was under the control of RB Clapham, a director, throughout the year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2002

18. ADDITIONAL JOINT VENTURE DISCLOSURES

The additional information as at 31 March 2002 required in respect of the company's share of the joint venture with Dolma Finance SA is set out below:

	2002 £	2001 £
Share of turnover	272,681	271,812
Share of profit before tax	181,012	237,858
<i>Share of assets:</i>		
Share of fixed assets	2,376,831	2,376,831
Share of current assets	98,447	107,118
	2,475,278	2,483,949
<i>Share of liabilities:</i>		
Liabilities due within one year	(77,474)	(76,825)
Liabilities due after more than one year	(1,035,539)	(1,050,872)
	(1,113,013)	(1,127,697)
Share of net assets	1,362,265	1,356,252