REGISTERED NUMBER: 091847 (Scotland)

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

FOR

FLAYEST LIMITED



William Duncan & Co
Chartered Accountants
Registered Auditors
Silverwells House
114 Cadzow Street
Hamilton
ML3 6HP

FLAYEST LIMITED

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FOR THE YEAR ENDED 30 JUNE 2002

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FLAYEST LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2002

DIRECTORS:	J. W. Watson J. W. Stepek T. A. Forsyth
SECRETARY:	Friars Secretariat Limited
REGISTERED OFFICE:	29 Brandon Street Hamilton ML3 6AB
REGISTERED NUMBER:	091847 (Scotland)
AUDITORS:	William Duncan & Co Chartered Accountants Registered Auditors Silverwells House 114 Cadzow Street Hamilton ML3 6HP

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2002

The directors present their report with the financial statements of the company for the year ended 30 June 2002.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of undertaking or arranging construction work.

DIRECTORS
The directors during the year under review were:

J. W. Watson
J. W. Stepek
T. A. Forsyth

The beneficial interests of the directors holding office on 30 June 2002 in the issued share capital of the company were as follows:

	30.6.02	1.7.01
Ordinary £1 shares		
J. W. Watson	-	-
J. W. Stepek	-	-
T. A. Forsyth	16,400	16,400

STATEMENT OF 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.

AUDITORS
The auditors, William Duncan & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

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

ON BEHALF OF THE BOARD:

J. W. Watson - Director

9 April 2003

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF FLAYEST LIMITED

We have audited the financial statements of Flayest Limited for the year ended 30 June 2002 on pages four to seven. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As described on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors 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 30 June 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

William Duncan & Co
Chartered Accountants
Registered Auditors
Silverwells House
114 Cadzow Street
Hamilton
ML3 6HP

9 April 2003

FLAYEST LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2002

	Notes	30.6.02 £	30.6.01 £
TURNOVER		-	100,000
Administrative expenses		785	446
		(785)	99,554
Other operating income		-	62
OPERATING (LOSS)/PROFIT	2	(785)	99,616
Interest receivable and similar income		-	5
		(785)	99,621
Interest payable and similar charges		-	1
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(785)	99,620
Tax on (loss)/profit on ordinary activities	3	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(785)	99,620
Retained profit/(deficit) brought forward		76,335	(23,285)
RETAINED PROFIT CARRIED FORWARD		£75,550	£76,335

The notes form part of these financial statements

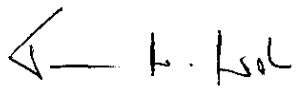
FLAYEST LIMITED

BALANCE SHEET
30 JUNE 2002

	Notes	30.6.02 £	£	30.6.01 £	£
FIXED ASSETS:					
Investments	4		10,000		100,496
CURRENT ASSETS:					
Debtors	5	180,761		90,761	
Cash at bank		79		37	
		180,840		90,798	
CREDITORS: Amounts falling due within one year	6	33,288		32,957	
NET CURRENT ASSETS:			147,552		57,841
TOTAL ASSETS LESS CURRENT LIABILITIES:			£157,552		£158,337
CAPITAL AND RESERVES:					
Called up share capital	7		82,002		82,002
Profit and loss account			75,550		76,335
SHAREHOLDERS' FUNDS:			£157,552		£158,337

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:



J. W. Watson - Director

Approved by the Board on 9 April 2003

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention and in accordance with the *Financial Reporting Standard for Smaller Entities (effective June 2002).*

Turnover
Turnover represents net invoiced sales of services, excluding value added tax.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Fixed asset investments
Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value. Dividends are brought to account in the profit and loss account when received.

2. OPERATING (LOSS)/PROFIT

The operating loss (2001 - operating profit) is stated after charging:

	30.6.02	30.6.01
	£	£
Loss on disposal of fixed assets	496	-
Directors' emoluments and other benefits etc	-	-

3. TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2002 nor for the year ended 30 June 2001.

4. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 July 2001	100,496
Additions	10,000
Disposals	(100,496)
At 30 June 2002	10,000
NET BOOK VALUE:	
At 30 June 2002	10,000
At 30 June 2001	100,496

	30.6.02	30.6.01
	£	£
Unlisted investments	10,000	100,496

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.02	30.6.01
	£	£
Other debtors	180,761	90,761

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.02	30.6.01
	£	£
Directors' current accounts	13,900	13,900
Other taxes	4,064	4,064
Accrued expenses	15,324	14,993
	33,288	32,957

7. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	30.6.02 £	30.6.01 £
1,000,000	Ordinary	£1	1,000,000	1,000,000

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.02 £	30.6.01 £
82,002	Ordinary	£1	82,002	82,002

8. TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the year ended 30 June 2002:

	£
T. A. Forsyth	
Balance outstanding at start of year	(10,000)
Balance outstanding at end of year	(10,000)
Maximum balance outstanding during year	(10,000)
J. W. Watson	
Balance outstanding at start of year	(3,900)
Balance outstanding at end of year	(3,900)
Maximum balance outstanding during year	(3,900)

The above balances, which are due to the directors, are interest free, unsecured and have no fixed repayment terms.