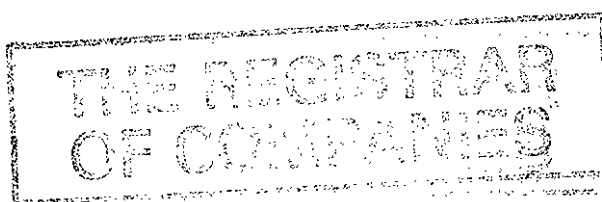


**ALPHA SOLWAY LIMITED
(FORMERLY KNOWN AS VIENNA HOLDINGS LIMITED)**

FINANCIAL STATEMENTS

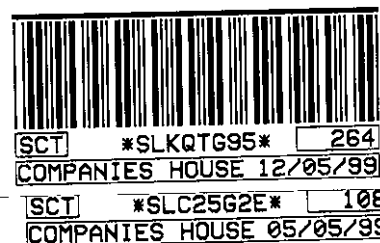
31ST DECEMBER 1998



Company Registration Number SC177721

ARMSTRONG WATSON & CO

Chartered Accountants
Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP



ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr A Wright
Mr M W Gibbons
Mr R G Hardie

Company secretary

Mr A Wright

Registered office

Factory 1
Queensberry Street
Annan
Dumfriesshire
DG12 5BL

Auditors

Armstrong Watson & Co
Chartered Accountants
& Registered Auditors
Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP

Bankers

Clydesdale Bank Plc
Business Banking Centre
Wakefield Road
Kingstown Industrial Estate
Carlisle
Cumbria CA3 0HE

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

THE DIRECTORS' REPORT

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

The directors have pleasure in presenting their report and the financial statements of the company for the period from 30th July 1997 to 31st December 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company was incorporated on the 30th July 1997.

On the 31st July 1997 (prior to the change of name) the share capital of Alpha Solway Limited was purchased and the trading activities, assets and liabilities of Alpha Solway Limited were transferred to Vienna Holdings Limited.

Immediately following this Vienna Holdings Limited changed its name to Alpha Solway Limited.

The company commenced trading on 1st August 1997.

The principal activity of the company during the period was that of manufacturing industrial safety products and equipment.

The directors are satisfied with the company's performance in its first seventeen months of trading and view the future with some optimism.

During the period the company continued to expand its product range by investing in product research and development. The directors are grateful for the contribution towards these costs received from the Dumfries and Galloway Enterprise Council.

RESULTS AND DIVIDENDS

The trading results for the period, and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have recommended the following dividends:

	£
Proposed dividends on ordinary shares	70,390
Dividends paid on ordinary shares	32,500
	<u>102,890</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 December 1998	At 30 July 1997 or later date of appointment
Mr A Wright	A Ordinary shares	600	-
Mr M W Gibbons	A Ordinary shares	400	-
Mr R G Hardie		-	-

Mr A Wright was appointed as a director on 30th July 1997.

Mr M W Gibbons was appointed as a director on 30th July 1997.

Mr R G Hardie was appointed as a director on 31st July 1997.

The voting power associated with each category of shareholding is disclosed in the notes to the accounts.

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

YEAR 2000

The directors have considered the implications of the Year 2000 problem. They are confident that any further expenditure incurred to ensure compliance with the Year 2000 will not materially add to the planned capital and operational expenditure.

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 at the end of the period and of the profit or loss for the period then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 9 to 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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

A resolution to re-appoint Armstrong Watson & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Factory 1
Queensberry Street
Annan
Dumfriesshire
DG12 5BL

Signed by order of the directors



MR A WRIGHT
Company Secretary

Approved by the directors on 26/4 1999

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

AUDITORS' REPORT TO THE SHAREHOLDERS

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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.

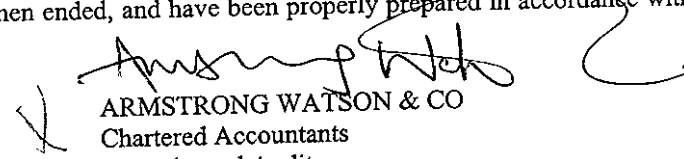
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

OPINION

In our opinion the financial statements give a true and fair view of the company's state of affairs as at 31st December 1998 and of its profit for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP

26/4.19.99


ARMSTRONG WATSON & CO
Chartered Accountants
& Registered Auditors

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

PROFIT AND LOSS ACCOUNT

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

	Note	£
TURNOVER	2	2,820,872
Cost of sales		(1,954,166)
GROSS PROFIT		<u>866,706</u>
Distribution Costs		(210,572)
Administrative expenses		(309,067)
OPERATING PROFIT	3	<u>347,067</u>
Interest receivable		15,023
Interest payable and similar charges	6	(104,223)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>257,867</u>
Tax on profit on ordinary activities	7	(52,088)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>205,779</u>
Dividends	8	(102,890)
RETAINED PROFIT FOR THE FINANCIAL PERIOD		<u>102,889</u>

The company has no recognised gains or losses other than the results for the period as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 9 to 18 form part of these financial statements.

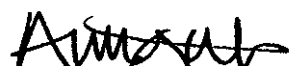
ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

BALANCE SHEET

31ST DECEMBER 1998

	Note	£	£
FIXED ASSETS			
Tangible assets	9		418,441
Investments	10		901,419
			<u>1,319,860</u>
CURRENT ASSETS			
Stocks	11	333,468	
Debtors	12	529,860	
Cash at bank and in hand		132,440	
		<u>995,768</u>	
CREDITORS: Amounts falling due within one year	13	(561,317)	
NET CURRENT ASSETS			<u>434,451</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,754,311</u>
CREDITORS: Amounts falling due after more than one year	14		(1,094,594)
			<u>659,717</u>
GOVERNMENT GRANTS	18		(6,828)
			<u>652,889</u>
CAPITAL AND RESERVES			
Called-up equity share capital	22		5,000
Share premium account	23		545,000
Profit and loss account			102,889
SHAREHOLDERS' FUNDS	24		<u>652,889</u>

These financial statements were approved by the directors on the 26/4 1999 and are signed on their behalf by:


MR A WRIGHT


MR M W GIBBONS

The notes on pages 9 to 18 form part of these financial statements.

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

CASH FLOW STATEMENT

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

£

NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(141,647)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	14,002	
Interest paid	(96,524)	
Interest element of finance lease rental payments	(994)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(83,516)
TAXATION		(8,125)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(436,096)	
Receipts from sale of fixed assets	1,200	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(434,896)
ACQUISITIONS AND DISPOSALS		
Acquisition of other trades and businesses	(901,419)	
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS		(901,419)
EQUITY DIVIDENDS PAID		(32,500)
CASH OUTFLOW BEFORE FINANCING		(1,602,103)
FINANCING		
Issue of equity share capital	5,000	
Share premium on issue of equity share capital	545,000	
New bank loans	650,000	
Repayment of bank loans	(75,000)	
Long term loan from group undertaking	467,746	
New finance leases	(24,539)	
Capital element of finance lease rental payments	20,043	
Net inflow from other long-term creditors	139,465	
New grants received	6,828	
NET CASH INFLOW FROM FINANCING		1,734,543
INCREASE IN CASH		132,440

The notes on pages 9 to 18 form part of these financial statements.

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

CASH FLOW STATEMENT *(continued)*

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	£
Operating profit	347,067
Depreciation	40,994
Increase in stocks	(333,468)
Increase in debtors	(528,839)
Increase in creditors	332,599
	<u>(141,647)</u>
Net cash outflow from operating activities	

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£	£
Increase in cash in the period	132,440	
Net cash inflow from bank loans	(575,000)	
Net cash inflow from long-term amounts owed to group undertakings	(467,746)	
Net cash outflow in respect of finance leases	4,496	
Net cash inflow from other long-term creditors	<u>(139,465)</u>	
Change in net debt resulting from cash flows		(1,045,275)
New finance leases		<u>(24,539)</u>
Movement in net debt in the period		<u>(1,069,814)</u>
Net debt at 31 Dec 98		<u>(1,069,814)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 30 Jul 1997 £	Cash flows £	Other changes £	At 31 Dec 1998 £
Net cash:				
Cash in hand and at bank	-	132,440		132,440
Debt:				
Debt due within 1 year	-	(100,000)	-	(100,000)
Debt due after 1 year	-	(1,082,211)	-	(1,082,211)
Finance leases	-	4,496	(24,539)	(20,043)
	-	<u>(1,177,715)</u>		<u>(1,202,254)</u>
Net debt	-	<u>(1,045,275)</u>	<u>(24,539)</u>	<u>(1,069,814)</u>

The notes on pages 9 to 18 form part of these financial statements.

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% straight line
Plant & Machinery	- 25% straight line
Fixtures & Fittings	- 10% to 25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Research and development expenditure

Research and development expenditure is written off in the profit and loss account in the year in which it is incurred.

Government grants

Government grants in respect of assets are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset. Where the grant is in respect of expenditure it is credited to the relevant expense heading.

Deferred government grants

Government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	£
United Kingdom	2,648,345
Overseas sales - Western Europe	147,894
Overseas sales - Dubai	15,540
Overseas sales - Poland	387
Overseas sales - Singapore	4,648
Overseas sales - India	4,058
	2,820,872

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	£
Depreciation	40,994
Profit on disposal of fixed assets	(950)
Auditors' remuneration	
- as auditors	6,820
Operating lease costs:	
Plant and equipment	2,402
Vehicles	35,714

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to:

Number of production staff	55
Number of distribution staff	1
Number of administrative staff	3
Number of selling staff	4
Number of indirect admin staff	5
Number of maintenance staff	2
	<u>70</u>

The aggregate payroll costs of the above were:

	£
Wages and salaries	888,044
Social security costs	57,987
Other pension costs	37,860
	<u>983,891</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	£
Aggregate emoluments	165,001
Value of company pension contributions to money purchase schemes	15,894
	<u>180,895</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

Money purchase schemes	<u>2</u>
------------------------	----------

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

6. INTEREST PAYABLE

	£
Interest payable on bank borrowing	83,550
Finance charges	994
Other similar charges payable	19,679
	<u>104,223</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£
Corporation tax based on the results for the period at 21%	<u>52,088</u>

8. DIVIDENDS

The following dividends have been paid or proposed in respect of the period:

	£
Proposed dividends on equity shares	70,390
Dividends paid on equity shares	<u>32,500</u>
	<u>102,890</u>

9. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
COST				
Additions	58,845	18,277	45,419	122,541
Disposals	-	(2,200)	-	(2,200)
Transfer	256,960	205,852	41,320	504,132
At 31st December 1998	<u>315,805</u>	<u>221,929</u>	<u>86,739</u>	<u>624,473</u>
DEPRECIATION				
Charge for the period	7,868	24,356	8,770	40,994
On disposals	-	(1,000)	-	(1,000)
Transfer	27,174	119,005	19,859	166,038
At 31st December 1998	<u>35,042</u>	<u>142,361</u>	<u>28,629</u>	<u>206,032</u>
NET BOOK VALUE				
At 31st December 1998	<u>280,763</u>	<u>79,568</u>	<u>58,110</u>	<u>418,441</u>

Upon incorporation assets were transferred at net book value from Vienna Holdings Limited.

Finance lease agreements

Included within the net book value of £418,441 is £24,539 relating to assets held under finance lease agreements. The depreciation charged to the accounts in the period in respect of such assets amounted to £Nil.

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

10. INVESTMENTS

VIENNA HOLDINGS LIMITED

	£
COST	
Additions	901,419
At 31st December 1998	<u>901,419</u>
NET BOOK VALUE	
At 31st December 1998	<u>901,419</u>

Aggregate capital and reserves

Vienna Holdings Limited (dormant) 472,746

The company owns 100% of the issued share capital of Vienna Holdings Limited, a company incorporated in Scotland.

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

11. STOCKS

	£
Raw materials	127,880
Work in progress	28,689
Finished goods	176,899
	<u>333,468</u>

12. DEBTORS

	£
Trade debtors	514,872
Other debtors	1,600
Prepayments and accrued income	13,388
	<u>529,860</u>

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

13. CREDITORS: Amounts falling due within one year

	£	£
Bank loans and overdrafts		100,000
Trade creditors		148,912
Other creditors including taxation and social security:		
Corporation tax	43,963	
PAYE and social security	13,808	
VAT	45,579	
Finance leases	7,660	
Dividends payable	70,390	
Other loans	30,000	
Other creditors	38,452	
		<u>249,852</u>
Accruals and deferred income		62,553
		<u>561,317</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	£
Bank loans and overdrafts	<u>100,000</u>

14. CREDITORS: Amounts falling due after more than one year

	£
Bank loans and overdrafts	475,000
Amounts owed to group undertakings	467,746
Other creditors:	
Finance leases	12,383
Other creditors	19,465
Other loans	120,000
	<u>1,094,594</u>

The bank loans are secured by the company as follows:

- Standard security over the freehold property.
- Floating charge over the assets and undertakings of the company.

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	£
Bank loans and overdrafts	<u>475,000</u>

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

14. CREDITORS: Amounts falling due after more than one year *(continued)*

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the the balance sheet date:

	£
Amounts owed to group undertakings	<u>467,746</u>

15. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	£
In one year or less, or on demand	137,660
Between one and two years	172,448
Between two and five years	450,507
In five years or more	471,639
	<u>1,232,254</u>

16. PENSIONS

Defined Contribution Scheme

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge in the profit and loss account of £37,860 represents the employers contributions payable.

There were no prepaid contributions at the balance sheet date.

17. DEFERRED TAXATION

No provision has been made in the accounts and the amounts unprovided at the end of the period are as follows:

	£
Excess of taxation allowances over depreciation on fixed assets	<u>41,656</u>

18. GOVERNMENT GRANTS

Received and receivable:

Receivable during period	6,828
At 31st December 1998	<u>6,828</u>

Amortisation:

At 31st December 1998	<u>-</u>
Net balance at 31st December 1998	<u>6,828</u>

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

19. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	£
Amounts payable within 1 year	7,660
Amounts payable between 1 and 2 years	8,555
Amounts payable between 3 and 5 years	3,828
	<u>20,043</u>

20. COMMITMENTS UNDER OPERATING LEASES

At 31st December 1998 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings £
Operating leases which expire:	280
Within 1 year	13,641
Within 2 to 5 years	<u>13,921</u>

21. RELATED PARTY TRANSACTIONS

During the period no one party had overall control of the company.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

22. SHARE CAPITAL

Authorised share capital:

	£
49,000 Ordinary shares of £0.10 each	4,900
1,000 "A" Ordinary shares of £0.10 each	100
	<u>5,000</u>

Allotted, called up and fully paid:

	No.	£
Ordinary shares	49,000	4,900
"A" Ordinary shares	1,000	100
	<u>50,000</u>	<u>5,000</u>

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

22. SHARE CAPITAL *(continued)*

Upon incorporation, the authorised share capital of the company was 1,000 £1 ordinary shares. By an ordinary resolution at an EGM held on 31st July 1997 the authorised share capital was increased to £5,000.

At incorporation there were 2 £1 shares held by Mr A Wright and M W Gibbons, directors. These were subsequently converted to 10 "A" Ordinary Shares of 10p each.

A further resolution was passed to redesignate 4,900 unissued Ordinary Shares of £1 each as 49,000 Ordinary Shares of 10p each, which were issued during the period.

The remaining 98 unissued Ordinary Shares were redesignated as 980 "A" Ordinary Shares, which were subsequently acquired by Mr A Wright and Mr M W Gibbons, directors.

The Ordinary Shares and the "A" Ordinary Shares have the same rights and rank *pari passu* in all respects (including any dividends), except as noted below.

Voting Power of "A" Ordinary Shares

"A" Ordinary Shares are entitled to 16.33 votes per Ordinary Share. The number of votes per "A" Ordinary Share shall be adjusted in accordance with the following provisions:-

i) for every £9,270 of dividend declared (excluding any tax credit) at each AGM and paid to the investors, the number of votes on each "A" Ordinary Share shall with effect from the date on which the investors receive payment of the dividend declared at such AGM be increased by one.

ii) notwithstanding paragraph (i) above, the maximum number of votes on each "A" Ordinary Share shall in no circumstances exceed 73.5 votes per Ordinary Share.

In the event that the number of votes exercisable by any person holding "A" Ordinary Shares in respect of his entire holding of Ordinary Shares does not constitute a whole number of votes, the number of votes exercisable by him in respect of his entire holding of "A" Ordinary Shares shall be rounded down to the nearest whole number.

Bonus

On the day following payment of the dividend declared at the AGM held in the year 2003 or, if no dividend is declared at the AGM held in the year 2003, on the day following such AGM (such day in either case being 'the Conversion Date') and provided that the following conditions have been satisfied viz:-

(a) the amount due by the Company under the Bank Debt at 31 July 2003 does not exceed £62,500; and
(b) no Event of Default has occurred in a situation where the Bank has demanded and/or is likely to demand early repayment of the Facilities and is outstanding at the Conversion Date; and
(c) the Executives are still employed by the Company and have not resigned as Directors of the Company on or before the Conversion Date; then:-

(i) every one 'A' Ordinary Share held shall convert to one Ordinary Share ('the Conversion'); and
(ii) each of the Executives shall be issued with such number of Ordinary Shares as represent the total number of votes to which such Executive shall be entitled by virtue of their holding of 'A' Ordinary Shares prior to the Conversion less the number of Ordinary Shares to which such Executive becomes entitled pursuant to the Conversion ('the Bonus Issue').

The Ordinary Shares resulting from the Conversion and the Bonus Issue shall have the same rights and shall rank *pari passu* in all respects with the other Ordinary Shares in the capital of the Company.

ALPHA SOLWAY LIMITED (Formerly Known as Vienna Holdings Limited)

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 30TH JULY 1997 TO 31ST DECEMBER 1998

23. SHARE PREMIUM ACCOUNT

	£
Premium on shares issued in the period	<u>545,000</u>
The Ordinary Shares were issued at a premium of £485,100 and the "A" Ordinary Shares were issued at a total premium of £59,900.	

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

		£
Profit for the financial period		205,779
Dividends		<u>(102,890)</u>
		102,889
New equity share capital subscribed	5,000	
Premium on new share capital subscribed	<u>545,000</u>	
		550,000
Net addition to funds		<u>652,889</u>
Closing shareholders' equity funds		<u>652,889</u>