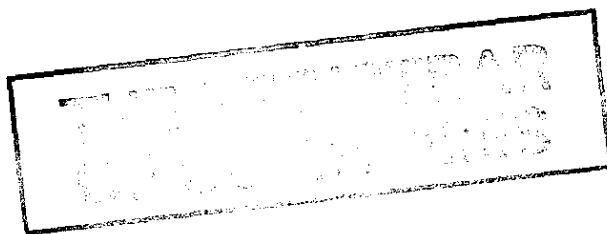


ALPHA SOLWAY LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR
31ST DECEMBER 2001



A large handwritten checkmark.



SCT SXHOGA40 0234
COMPANIES HOUSE 20/04/02

ARMSTRONG WATSON

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

ALPHA SOLWAY LIMITED
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 2001

CONTENTS	PAGES
Officers and Professional Advisers	1
The Directors' Report	2 to 3
Independent Auditors' Report to the Company	4
Abbreviated Profit and Loss Account	5
Abbreviated Balance Sheet	6
Cash Flow Statement	7 to 8
Notes to the Abbreviated Financial Statements	9 to 18

ALPHA SOLWAY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr A Wright Mr MW Gibbons Mr RG Hardie
Company secretary	Mr A Wright
Registered office	Factory 1 Queensberry Street Annan Dumfriesshire DG12 5BL
Auditors	Armstrong Watson 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
Solicitors	Fyfe Ireland Orchard Brae House 30 Queensferry Road Edinburgh EH4 2HG

ALPHA SOLWAY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2001

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period was that of manufacturing Industrial Safety & Protective Clothing and Respiratory Products.

The strengthening of the sales effort helped to increase turnover to a record level but demand softened in the second half of the year as a manufacturing recession in the UK took hold.

RESULTS AND DIVIDENDS

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

The directors have recommended the following dividends:

	2001 £	2000 £
Proposed dividends on ordinary shares	<u>69,000</u>	<u>69,000</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

		At 31 December 2001	At 1 January 2001
Mr A Wright	A Ordinary shares	600	600
Mr MW Gibbons	A Ordinary shares	400	400
Mr RG Hardie	Ordinary shares	<u>2,000</u>	<u>2,000</u>

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

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 year and of the profit or loss for the year 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.

ALPHA SOLWAY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2001

AUDITORS

A resolution to re-appoint Armstrong Watson 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

A handwritten signature in black ink, appearing to read 'A Wright', is written over a large 'X' mark.

MR A WRIGHT
Company Secretary

Approved by the directors on 15/4/02

ALPHA SOLWAY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 18, together with the financial statements of the company for the year ended 31st December 2001 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

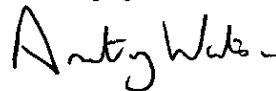
We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 18 are properly prepared in accordance with those provisions.

Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP

18/4/02
.....



ARMSTRONG WATSON
Chartered Accountants
& Registered Auditors

ALPHA SOLWAY LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST DECEMBER 2001

	Note	2001 £	2000 £
GROSS PROFIT		723,450	638,832
Sales and distribution costs		(253,026)	(177,229)
Administrative expenses		(270,592)	(246,435)
OPERATING PROFIT	2	199,832	215,168
Income from shares in group undertakings	5	-	439,513
Interest receivable		1,085	4,531
Amounts written off investments	6	-	(439,513)
Interest payable and similar charges	7	(29,301)	(43,967)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		171,616	175,732
Tax on profit on ordinary activities	8	(33,689)	(37,380)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		137,927	138,352
Dividends	9	(69,000)	(69,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		68,927	69,352
Balance brought forward		236,162	166,810
Balance carried forward		<u>305,089</u>	<u>236,162</u>

The company has no recognised gains or losses other than the results for the year 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
ABBREVIATED BALANCE SHEET
31ST DECEMBER 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible assets	10	368,460	403,660
Investments	11	<u>461,906</u>	<u>461,906</u>
		830,366	865,566
CURRENT ASSETS			
Stocks	12	352,358	335,172
Debtors	13	441,034	458,197
Cash at bank and in hand		<u>1,104</u>	<u>74,942</u>
		794,496	868,311
CREDITORS: Amounts falling due within one year	14	<u>(588,708)</u>	<u>(643,377)</u>
NET CURRENT ASSETS		205,788	224,934
TOTAL ASSETS LESS CURRENT LIABILITIES		1,036,154	1,090,500
CREDITORS: Amounts falling due after more than one year	15	<u>(179,358)</u>	<u>(300,924)</u>
		856,796	789,576
Government grants	18	<u>(1,707)</u>	<u>(3,414)</u>
		855,089	786,162
CAPITAL AND RESERVES			
Called-up equity share capital	21	5,000	5,000
Share premium account		545,000	545,000
Profit and Loss Account		<u>305,089</u>	<u>236,162</u>
SHAREHOLDERS' FUNDS	22	<u>855,089</u>	<u>786,162</u>

These financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 15/4/02, and are signed on their behalf by:


 MR A WRIGHT


 MR MW GIBBONS

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

ALPHA SOLWAY LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31ST DECEMBER 2001

	2001		2000
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		135,794	235,884
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from group undertakings	-		439,513
Interest received	1,085		4,531
Interest paid	(28,569)		(47,796)
Interest element of finance lease	(732)		(858)
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(28,216)	395,390
TAXATION		(35,789)	(34,168)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets	(6,761)		(50,441)
Receipts from sale of fixed assets	2,826		3,686
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(3,935)	(46,755)
EQUITY DIVIDENDS PAID		(69,000)	(64,310)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(1,146)	486,041
FINANCING			
Repayment of bank loans	(125,000)		(100,000)
Repayment of long-term amounts owed to group undertakings	-		(439,513)
Capital element of finance lease	4,079		(2,553)
Net outflow from other long-term creditors	-		(60,000)
NET CASH OUTFLOW FROM FINANCING		(120,921)	(602,066)
DECREASE IN CASH		(122,067)	(116,025)

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

ALPHA SOLWAY LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST DECEMBER 2001

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit	199,832	215,168
Depreciation	39,135	41,155
Amortisation of government grants	(1,707)	(1,707)
(Increase)/Decrease in stocks	(17,186)	18,566
Decrease/(Increase) in debtors	17,163	(59,453)
(Decrease)/Increase in creditors	(101,443)	22,155
Net cash inflow from operating activities	135,794	235,884

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001 £	2000 £
Decrease in cash in the period	(122,067)	(116,025)
Net cash outflow from bank loans	125,000	100,000
Net cash outflow from long-term amounts owed to group undertakings	-	439,513
Cash outflow in respect of finance lease	(4,079)	2,553
Net cash outflow from other long-term creditors	-	60,000
	(1,146)	486,041
Change in net debt	(1,146)	486,041
Net debt at 1st January 2001	(374,063)	(860,103)
Net debt at 31st December 2001	(375,209)	(374,063)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2001 £	Cash flows £	At 31 Dec 2001 £
Net cash:			
Cash in hand and at bank	74,942	(73,838)	1,104
Overdrafts	(16,476)	(48,229)	(64,705)
	58,466	(122,067)	(63,601)
Debt:			
Debt due within 1 year	(125,000)	-	(125,000)
Debt due after 1 year	(297,698)	125,000	(172,698)
Finance leases	(9,831)	(4,079)	(13,910)
	(432,529)	120,921	(311,608)
Net debt	(374,063)	(1,146)	(375,209)

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

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2001

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 year, 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	- 10% 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 on a straight line basis, 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 on a straight line basis over the period of the lease.

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

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2001

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. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2001	2000
	£	£
Amortisation of government grants re fixed assets	(1,707)	(1,707)
Depreciation	39,135	41,155
Loss on disposal of fixed assets	677	(797)
Auditors' remuneration		
- as auditors	4,560	4,424
Operating lease costs:		
Plant and equipment	3,917	2,244
Vehicles	27,123	21,719

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2001

3. PARTICULARS OF EMPLOYEES

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

	2001	2000
	No.	No.
Number of production staff	47	53
Number of distribution staff	2	1
Number of administrative staff	3	3
Number of selling staff	7	6
Number of indirect admin staff	4	5
Number of maintenance staff	2	2
	<u>65</u>	<u>70</u>

The aggregate payroll costs of the above were:

	2001	2000
	£	£
Wages and salaries	726,584	698,934
Social security costs	63,321	57,122
Other pension costs	32,872	30,340
	<u>822,777</u>	<u>786,396</u>

4. DIRECTORS' EMOLUMENTS

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

	2001	2000
	£	£
Aggregate emoluments	142,708	134,555
Value of company pension contributions to money purchase schemes	14,011	12,690
	<u>156,719</u>	<u>147,245</u>

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

	2001	2000
	No.	No.
Money purchase schemes	<u>2</u>	<u>2</u>

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2001	2000
	£	£
Dividends received from subsidiary undertakings	<u>-</u>	<u>439,513</u>

6. AMOUNTS WRITTEN OFF INVESTMENTS

	2001	2000
	£	£
Permanent diminution in value of investments	<u>-</u>	<u>439,513</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2001

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Interest payable on bank borrowing	27,132	35,659
Finance charges	732	858
Other similar charges payable	1,437	7,450
	<u>29,301</u>	<u>43,967</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
In respect of the year:		
Corporation Tax based on the results for the year at 20% (2000 - 20%)	36,000	38,100
Adjustment in respect of previous years:		
Corporation Tax	(2,311)	(720)
	<u>33,689</u>	<u>37,380</u>

9. DIVIDENDS

The following dividends have been proposed in respect of the year:

	2001 £	2000 £
Proposed dividend on ordinary shares	<u>69,000</u>	<u>69,000</u>

Dividends proposed at the year end were valued at £1.38 per share (2000 £1.38)

10. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
COST				
At 1st January 2001	318,984	276,827	91,521	687,332
Additions	-	3,597	3,164	6,761
Disposals	-	(44,799)	(23,000)	(67,799)
At 31st December 2001	<u>318,984</u>	<u>235,625</u>	<u>71,685</u>	<u>626,294</u>
DEPRECIATION				
At 1st January 2001	47,764	173,780	62,128	283,672
Charge for the year	6,380	18,370	14,385	39,135
On disposals	-	(43,742)	(21,231)	(64,973)
At 31st December 2001	<u>54,144</u>	<u>148,408</u>	<u>55,282</u>	<u>257,834</u>
NET BOOK VALUE				
At 31st December 2001	<u>264,840</u>	<u>87,217</u>	<u>16,403</u>	<u>368,460</u>
At 31st December 2000	<u>271,220</u>	<u>103,047</u>	<u>29,393</u>	<u>403,660</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2001

10. TANGIBLE FIXED ASSETS *(continued)*

Finance lease agreements

Included within the net book value of £368,460 is £21,674 (2000 - £13,835) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £2,487 (2000 - £5,352).

11. INVESTMENTS

VIENNA HOLDINGS LIMITED

COST

	£
At 1st January 2001 and 31st December 2001	<u>901,419</u>

AMOUNTS WRITTEN OFF

At 1st January 2001 and 31st December 2001	<u>439,513</u>
--	----------------

NET BOOK VALUE

At 31st December 2001	<u>461,906</u>
-----------------------	----------------

At 31st December 2000	<u>461,906</u>
-----------------------	----------------

Aggregate capital and reserves

	2001 £	2000 £
Vienna Holdings Limited (dormant)	<u>33,233</u>	<u>33,233</u>

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.

12. STOCKS

	2001 £	2000 £
Raw Materials	112,419	127,798
Work in progress	18,635	28,542
Finished goods	221,304	178,832
	<u>352,358</u>	<u>335,172</u>

13. DEBTORS

	2001 £	2000 £
Trade debtors	419,509	435,243
Other debtors	200	199
Prepayments and accrued income	21,325	22,755
	<u>441,034</u>	<u>458,197</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2001

14. CREDITORS: Amounts falling due within one year

	2001	2000
	£	£
Bank loans and overdrafts	189,705	141,476
Trade creditors	114,074	169,898
Other creditors including taxation and social security:		
Corporation tax	36,000	38,100
PAYE and social security	15,452	17,228
VAT	52,078	43,253
Finance leases	7,250	6,605
Dividends payable	69,000	69,000
Other loans	30,784	60,000
Other creditors	30,963	37,272
	<u>241,527</u>	<u>271,458</u>
Accruals and deferred income	43,402	60,545
	<u>588,708</u>	<u>643,377</u>

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

	2001	2000
	£	£
Bank loans and overdrafts	189,705	125,000
Finance leases	7,250	6,605
	<u>196,955</u>	<u>131,605</u>

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

	2001	2000
	£	£
Bank loans and overdrafts	125,000	250,000
Amounts owed to group undertakings	28,233	28,233
Other creditors:		
Finance leases	6,660	3,226
Other creditors	19,465	19,465
	<u>179,358</u>	<u>300,924</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.

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2001

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

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

	2001	2000
	£	£
Bank loans and overdrafts	125,000	250,000
Finance leases	6,660	3,226
	<u>131,660</u>	<u>253,226</u>

The following aggregate liabilities are repayable in whole, otherwise than by instalments, and are due for repayment after more than five years from the balance sheet date:

	2001	2000
	£	£
Amounts owed to group undertakings	<u>28,233</u>	<u>28,233</u>

16. CREDITORS - CAPITAL INSTRUMENTS

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

	2001	2000
	£	£
In one year or less, or on demand	227,739	208,081
Between one and two years	130,168	128,226
Between two and five years	1,492	125,000
In five years or more	47,698	47,698
	<u>407,097</u>	<u>509,005</u>

17. 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 £32,872 (2000 £30,340) represents the employers contributions payable.

There were no prepaid contributions at the balance sheet date.

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2001

18. GOVERNMENT GRANTS

	2001 £	2000 £
Received and receivable:		
At 1st January 2001	6,828	6,828
At 31st December 2001	<u>6,828</u>	<u>6,828</u>
Amortisation:		
At 1st January 2001	3,414	1,707
Credit to profit and loss account	<u>1,707</u>	<u>1,707</u>
At 31st December 2001	<u>5,121</u>	<u>3,414</u>
Net balance at 31st December 2001	<u>1,707</u>	<u>3,414</u>

19. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2001 £	2000 £
Amounts payable within 1 year	7,250	6,605
Amounts payable between 1 and 2 years	5,168	3,226
Amounts payable between 3 and 5 years	<u>1,492</u>	-
	<u>13,910</u>	<u>9,831</u>

20. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2001 the company had annual commitments under non-cancellable operating leases as set out below.

	2001		2000	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	4,500	-	-	10,111
Within 2 to 5 years	<u>-</u>	<u>24,026</u>	<u>-</u>	<u>10,990</u>
	<u>4,500</u>	<u>24,026</u>	<u>-</u>	<u>21,101</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2001

21. SHARE CAPITAL

Authorised share capital:

	2001	2000
	£	£
49,000 Ordinary shares of £0.10 each	4,900	4,900
1,000 "A" Ordinary shares of £0.10 each	100	100
	<u>5,000</u>	<u>5,000</u>

Allotted, called up and fully paid:

	2001		2000	
	No.	£	No.	£
Ordinary shares	49,000	4,900	49,000	4,900
"A" Ordinary shares	1,000	100	1,000	100
	<u>50,000</u>	<u>5,000</u>	<u>50,000</u>	<u>5,000</u>

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 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.

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2001

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.

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	137,927	138,352
Dividends	(69,000)	(69,000)
	<u>68,927</u>	<u>69,352</u>
Opening shareholders' equity funds	786,162	716,810
Closing shareholders' equity funds	<u>855,089</u>	<u>786,162</u>