

Company Registration No. 3762366 (England and Wales)

UC GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000



UC GROUP LIMITED

COMPANY INFORMATION

Directors	J A Paulsen R J Robinson (Appointed 27 June 2000) F S van Hove (Appointed 1 September 2003)
Secretary	R J Robinson
Company number	3762366
Registered office	The Mansion House, Plaistow Lane Bromley Kent BR1 3TP
Auditors	The Gallagher Partnership LLP 69/85 Tabernacle Street London EC2A 4RR
Solicitors	Kidd Rapinet 14 & 15 Craven Street London WC2N 5AD

UC GROUP LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 16

UC GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

Principal activities and future developments

The principal activity of the company is the provision of management services and to act as an investment holding company. The company's investments are in the business-to-business ecommerce market, including electronic payment services, software services provided on the application service provider model, supply chain re-engineering within the fresh produce market, and e-consultancy services.

During the year the company's subsidiaries made a number of acquisitions in line with the above strategy. These acquisitions were financed by the company by way of intercompany loans, and the company also provided working capital to develop the underlying businesses. The company was successful in raising over £15 million of equity finance to fund this activity.

On 27 February 2001 the company entered into a Private Placement Agreement with Bautechinvest Establishment ("BTE"), subsequently revised on 15 November 2001. This agreement was to provide the company with funding and facilities totalling \$374 million over a two year period. Ultimately no funds were received from BTE and the non-performance of the financing agreement put the company into severe financial difficulty. During April 2001 the directors took measures to reduce the overheads of the company with staff reductions, and no further obligations were entered into after that time. The bank overdraft was reduced by £600,000 from the resources of the directors and there was no further bank borrowing. With the exception of the crystallisation of a guarantee to an asset finance company and the increase in directors loans in the year ended 31 December 2001, the creditors of the company did not materially increase after April 2001.

Although funds were raised from other sources these were not sufficient to meet the company's obligations, and on 20 March 2002 at the request of the directors The High Court made an Administration Order in relation to the company, appointing David Waterhouse and James Tickell of PricewaterhouseCoopers as Joint Administrators.

The Administrators proposed a Company Voluntary Arrangement (CVA) whereby creditors of the company were offered the choice of new shares in the company or a cash payment. £850,000 in cash and £150,000 in guarantees was made available by shareholders, including the directors, and the CVA was successful. The company was discharged from Administration on 15 October 2002.

In view of the subsequent events described above the directors consider it prudent to make provision against all fixed asset investments and intercompany balances. The accounts of the company for the year ended 31 December 2000 therefore show a loss on ordinary activities after taxation of £25,582,503.

The company changed its name from UC.Com Limited to UC Group Limited on 4 January 2002.

Directors

The following directors have held office since 1 January 2000 unless otherwise stated:

J A Paulsen	
J Putzeys	(Appointed 21 March 2000 and resigned 22 February 2002)
P S Meyer	(Appointed 15 June 2000 and resigned 1 September 2003)
R J Robinson	(Appointed 27 June 2000)
P J Boylan	(Appointed 1 August 2000 and resigned 16 February 2001)
B van der Vorm	(Appointed 7 August 2000 and resigned 1 May 2001)
A E Dacre	(Appointed 15 August 2000 and resigned 8 June 2001)
R S Shaw Jr	(Appointed 6 January 2000 and resigned 27 June 2000)
T M S Connor	(Appointed 2 March 2000 and resigned 11 August 2000)
E J Stoddart	(Appointed 23 March 2000 and resigned 27 June 2000)

UC GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

F S van Hove

(Appointed 1 September 2003)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	A Ordinary shares	
	31 December 2000	1 January 2000
J A Paulsen	239,950,000	241,200
J Putzeys	500,000	-
P S Meyer	4,000,000	-
R J Robinson	10,000,000	-
P J Boylan	-	-
B van der Vorm	6,114,618	-
A E Dacre	21,000,000	-

	B Ordinary shares	
	31 December 2000	1 January 2000
J A Paulsen	10	10
J Putzeys	-	-
P S Meyer	-	-
R J Robinson	-	-
P J Boylan	-	-
B van der Vorm	-	-
A E Dacre	-	-

The A ordinary shares and B ordinary shares are denominated as £0.0001 each.

Auditors

The Gallagher Partnership LLP were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

UC GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

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 financial statements;
- 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 the system of internal control and for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



R J Robinson

Director

27 February 2004

UC GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UC GROUP LIMITED

We have audited the financial statements of UC Group Limited on pages 5 to 16 for the year ended 31 December 2000. These financial statements have been prepared 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 auditor's 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 the directors and auditors

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the 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 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.

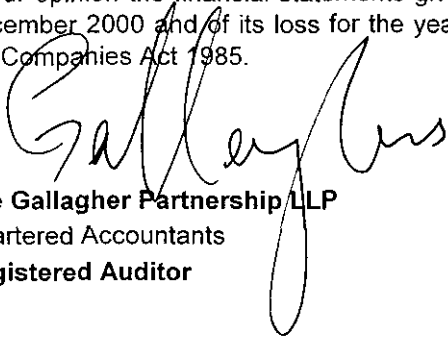
Basis of audit opinion

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 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


The Gallagher Partnership LLP
Chartered Accountants
Registered Auditor

27 February 2004

69/85 Tabernacle Street
London
EC2A 4RR

UC GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Turnover		655,463	126,433
Administrative expenses		(6,499,174)	(6,861,490)
Operating loss	2	(5,843,711)	(6,735,057)
Investment income	3	245,338	-
Other interest receivable and similar income		68,915	8,997
Amounts written off investments	4	-	(239,000)
Interest payable and similar charges		(3,848)	(612)
Impairment of intangible fixed assets	4	(1,455,396)	-
Impairment of tangible fixed assets	4	(63,131)	-
Provision against intercompany balances	4	(18,531,670)	-
Loss on ordinary activities before taxation		(25,583,503)	(6,965,672)
Tax on loss on ordinary activities	5	-	(26,000)
Loss on ordinary activities after taxation	12	(25,583,503)	(6,991,672)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

UC GROUP LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

	Notes	2000		1999	
		£	£	£	£
Fixed assets					
Intangible assets	6		-	1,714,156	
Tangible assets	7		-	28,989	
Investments	8		22,800	160,000	
			<u>22,800</u>	<u>1,903,145</u>	
Current assets					
Debtors	9	490,131		6,344,173	
Cash at bank and in hand		31,535		673,443	
		<u>521,666</u>		<u>7,017,616</u>	
Creditors: amounts falling due within one year	10	<u>(4,053,199)</u>		<u>(1,892,910)</u>	
Net current (liabilities)/assets			<u>(3,531,533)</u>		<u>5,124,706</u>
Total assets less current liabilities			<u>(3,508,733)</u>		<u>7,027,851</u>
Capital and reserves					
Called up share capital	11		48,543		34,677
Share premium account	12		23,989,172		8,956,119
Profit and loss account	12		<u>(27,546,448)</u>		<u>(1,962,945)</u>
Shareholders' funds - equity interests	13		<u>(3,508,733)</u>		<u>7,027,851</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 27 February 2004


J A Paulsen
Director


R J Robinson
Director

UC GROUP LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

	2000		1999	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		(11,819,931)		(6,137,183)
Returns on investments and servicing of finance				
Interest received	321,753		8,997	
Interest paid	(3,848)		(612)	
Net cash inflow for returns on investments and servicing of finance		317,905		8,385
Taxation		(26,000)		-
Capital expenditure and financial investment				
Payments to acquire intangible assets	(4,680)		(1,845,918)	
Payments to acquire tangible assets	(57,526)		(34,825)	
Payments to acquire investments	(4,026,590)		(399,000)	
Net cash outflow for capital expenditure		(4,088,796)		(2,279,743)
Net cash outflow before management of liquid resources and financing		(15,616,822)		(8,408,541)
Financing				
Issue of ordinary share capital	15,046,919		9,419,252	
Cost of share issue	-		(428,456)	
Issue of shares	15,046,919		8,990,796	
Decrease in debt		-		-
Net cash inflow from financing		15,046,919		8,990,796
Increase/(decrease) in cash in the year		(569,903)		582,255

UC GROUP LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

1 Reconciliation of operating loss to net cash outflow from operating activities	2000	1999
	£	£
Operating loss	(5,843,711)	(6,735,057)
Charge in respect of employee share options	-	5,028,727
Provision against intercompany balances	(18,531,670)	-
Depreciation of tangible assets	23,384	5,836
Amortisation of intangible assets	263,440	131,762
Provision against fixed asset investment	4,156,290	-
Decrease/(increase) in debtors	5,854,042	(6,344,173)
Increase in creditors within one year	2,258,294	1,775,722
Net cash outflow from operating activities	(11,819,931)	(6,137,183)

2 Analysis of net funds	1 January 2000	Cash flow	Other non-cash changes	31 December 2000
	£	£	£	£
Net cash:				
Cash at bank and in hand	673,443	(641,908)	-	31,535
Bank overdrafts	(91,188)	72,005	-	(19,183)
	<u>582,255</u>	<u>(569,903)</u>	<u>-</u>	<u>12,352</u>
Current asset investments	-	13,676	(13,676)	-
Net funds	<u>582,255</u>	<u>(556,227)</u>	<u>(13,676)</u>	<u>12,352</u>

3 Reconciliation of net cash flow to movement in net funds	2000	1999
	£	£
(Decrease)/increase in cash in the year	(569,903)	582,255
Cash outflow from increase in liquid resources	13,676	-
Change in net debt resulting from cash flows	(556,227)	582,255
Amounts written off short-term investments	(13,676)	-
Movement in net funds in the year	(569,903)	582,255
Opening net funds	582,255	-
Closing net funds	12,352	582,255

UC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements show a loss on ordinary activities of £25,582,503 and net liabilities of £3,508,733 as at 31 December 2000. Full provision has been made against all intercompany balances and investments, other than the share capital of direct subsidiaries.

The company went into Administration on 20 March 2002, and under a Company Voluntary Arrangement (CVA) all creditors of the company were given new shares in the company or paid a dividend from funds received by the Administrators from the company's shareholders. Certain liabilities of the company's subsidiaries to vendors of companies acquired were also settled by way of share issue. When the company was discharged from Administration on 15 October 2002 it had no liabilities.

By the end of 2003 the company and its subsidiaries were cash flow positive with strong trading prospects.

Based on these two factors the directors consider that it is appropriate to prepare the accounts on a going concern basis. The accounts do not include any adjustments that would be necessary if the use of the going concern basis was not appropriate.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for services net of VAT.

1.4 Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life, subject to a maximum of 20 years. Provision is made for any impairment.

1.5 Patents

The cost of patents and registering domain names is valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives between 3 to 5 years. Provision is made for any impairment.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	over 3 years
Fixtures, fittings & equipment	over 3 years

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

UC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies (continued)

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.10 Taxation

Corporation tax payable on taxable profits has been provided at current rates.

Deferred taxation is accounted for in respect of all timing differences. A deferred tax asset is only recognised when it is more likely than not, the asset will be recoverable in the foreseeable future, out of suitable taxable profits from which the underlying timing differences can be recovered. The company has adopted Financial Reporting Standard 19 on deferred taxation.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.12 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating loss	2000	1999
	£	£
Operating loss is stated after charging:		
Amortisation of intangible assets	263,440	131,762
Depreciation of tangible assets	23,384	5,836
Loss on foreign exchange transactions	67,920	-
Operating lease rentals	136,127	64,058
Auditors' remuneration	116,581	40,000
Directors' emoluments	579,566	-
Compensation for loss of office paid to directors	639,971	-
	<u>2,406,915</u>	<u>251,656</u>
3 Investment income	2000	1999
	£	£
Interest from group undertakings	252,838	-
Income from other fixed asset investments	(7,500)	-
	<u>245,338</u>	<u>-</u>

UC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

4	Amounts written off investments	2000	1999
		£	£
	Amounts written off fixed asset investments:		
	- permanent diminution in value	-	239,000
	- impairment of intangible assets	1,455,396	-
	- impairment of tangible assets	63,131	-
	Amounts written off current assets		
	- provision against intercompany balances	18,531,670	-
		<u> </u>	<u> </u>
5	Taxation	2000	1999
		£	£
	Domestic current year tax		
	U.K. corporation tax	-	26,000
		<u> </u>	<u> </u>
	Current tax charge	-	26,000
		<u> </u>	<u> </u>

The company has tax losses carried forward for offset against future profits from the same trade. A deferred tax asset has not been recognised in respect of timing differences relating to the trading losses carried forward against future profits of the same trade and non-trading deficits eligible to be carried forward against non-trading income as there is insufficient evidence that the asset will be recovered. The asset would be recovered if sufficient taxable profits are made to offset these losses.

6	Intangible fixed assets			
		Goodwill	Other intangible assets	Total
		£	£	£
	Cost			
	At 1 January 2000	1,834,915	11,003	1,845,918
	Additions	-	4,680	4,680
		<u> </u>	<u> </u>	<u> </u>
	At 31 December 2000	1,834,915	15,683	1,850,598
		<u> </u>	<u> </u>	<u> </u>
	Amortisation			
	At 1 January 2000	131,065	697	131,762
	Charge for the year	262,130	1,310	263,440
	Impairment charge	1,441,720	13,676	1,441,720
		<u> </u>	<u> </u>	<u> </u>
	At 31 December 2000	1,834,915	15,683	1,850,598
		<u> </u>	<u> </u>	<u> </u>
	Net book value			
	At 31 December 2000	-	-	-
		<u> </u>	<u> </u>	<u> </u>
	At 31 December 1999	1,703,850	10,306	1,714,156
		<u> </u>	<u> </u>	<u> </u>

UC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

7 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2000	34,825
Additions	57,526
	<hr/>
At 31 December 2000	92,351
	<hr/>
Depreciation	
At 1 January 2000	5,836
Impairment charge	63,131
Charge for the year	23,384
	<hr/>
At 31 December 2000	92,351
	<hr/>
Net book value	
At 31 December 2000	-
	<hr/> <hr/>
At 31 December 1999	28,989
	<hr/> <hr/>

UC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

8 Fixed asset investments

	Unlisted investments	Shares in group undertakings and participating interests	Total
	£	£	£
Cost			
At 1 January 2000	361,000	38,000	399,000
Additions	4,019,090	-	4,019,090
	<u>4,380,090</u>	<u>38,000</u>	<u>4,418,090</u>
At 31 December 2000	4,380,090	38,000	4,418,090
Provisions for diminution in value			
At 1 January 2000	239,000	-	239,000
Charge for the year	4,141,090	15,200	4,156,290
	<u>4,380,090</u>	<u>15,200</u>	<u>4,395,290</u>
At 31 December 2000	4,380,090	15,200	4,395,290
Net book value			
At 31 December 2000	-	22,800	22,800
	<u>-</u>	<u>22,800</u>	<u>22,800</u>
At 31 December 1999	122,000	38,000	160,000
	<u>122,000</u>	<u>38,000</u>	<u>160,000</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
uc.com e-commerce Limited	England	Ordinary	96
Securetrading Limited*	England	Ordinary	77
Worldsystems.com Limited*	England	Ordinary	77
Coconut Software Limited*	Jersey	Ordinary	77
Clarity International Limited*	England	Ordinary	77
UC Capital.com Limited	England	Ordinary	100
Global Solutions Network (HK) Ltd*	Hong Kong	Equity	80
Vitress AG*	Switzerland	Equity	80
UC Market Makers Limited	England	Ordinary	100
June Holding NV***	Holland	Ordinary	100
June Holland BV***	Holland	Ordinary	100
June USA Inc***	USA	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

UC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

8 Fixed asset investments	(continued)	
	Capital and reserves 2000 £	Profit for the year 2000 £
uc.com e-commerce Limited	(17,975,839)	(11,903,556)
Securetrading Limited*	(1,891,625)	(1,500,284)
Worldsystems.com Limited*	(382,769)	34,900
Coconut Software Limited*	(1,629,785)	(1,581,714)
Clarity International Limited*	(16,761)	(31,448)
UC Capital.com Limited	7,600	-
Global Solutions Network (HK) Ltd*	(871,840)	(876,723)
Vitress AG*	(841,203)	(254,837)
UC Market Makers Limited	7,600	-
June Holding NV***	(126,902)	6,199
June Holland BV***	(472,215)	(265,901)
June USA Inc***	(8,598)	(7,219)
	<u> </u>	<u> </u>

* interest held through uc.com e-commerce Limited

** interest held through UC Capital.com Limited

*** interest held through UC Market Makers Limited

9 Debtors	2000 £	1999 £
Amounts owed by group undertakings	-	6,017,073
Other debtors	490,131	327,100
	<u> </u>	<u> </u>
	490,131	6,344,173
	<u> </u>	<u> </u>

10 Creditors: amounts falling due within one year	2000 £	1999 £
Bank overdrafts	19,183	91,188
Trade creditors	2,190,665	185,569
Amounts owed to group undertakings	15,200	22,800
Taxation and social security	100,685	423,206
Other creditors	1,727,466	1,170,147
	<u> </u>	<u> </u>
	4,053,199	1,892,910
	<u> </u>	<u> </u>

UC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

11 Share capital	2000	1999
	£	£
Authorised		
999,999,990 A ordinary shares of £0.0001 each	100,000	100,000
10 B ordinary shares of £0.0001 each	-	-
	<u>100,000</u>	<u>100,000</u>
 Allotted, called up and fully paid		
485,434,492 A ordinary shares of £0.0001 each	48,543	34,677
10 B ordinary shares of £0.0001 each	-	-
	<u>48,543</u>	<u>34,677</u>

During the year 138,661,175 A ordinary shares of £0.0001 each were allotted and fully paid at a premium for cash consideration to provide additional working capital amounting to £15,046,389.

12 Statement of movements on reserves	Share premium account £	Profit and loss account £
Balance at 1 January 2000	8,956,119	(1,962,945)
Retained loss for the year	-	(25,583,503)
Premium on shares issued during the year	15,033,053	-
Balance at 31 December 2000	<u>23,989,172</u>	<u>(27,546,448)</u>

13 Reconciliation of movements in shareholders' funds	2000	1999
	£	£
Loss for the financial year	(25,583,503)	(6,991,672)
Proceeds from issue of shares	15,046,919	9,419,252
Cost of share issue written off to share premium account	-	(428,456)
Net (depletion in)/addition to shareholders' funds	<u>(10,536,584)</u>	<u>1,999,124</u>
Opening shareholders' funds	7,027,851	5,028,727
Closing shareholders' funds	<u>(3,508,733)</u>	<u>7,027,851</u>

UC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

14 Control

The ultimate controlling party is J A Paulsen, a director of the company, who controls the company as a result of controlling directly more than 50.5% of the issued share capital of the company in the form of B ordinary shares.

15 Related party transactions

The company has provided loans to its subsidiaries during the year to finance acquisitions and to provide working capital to acquired companies. All loans are repayable on demand and accrue interest at 4% above bank base rates. This interest is shown in Note 3 to these financial statements.

The amounts advanced are as follows:

Subsidiary	Working capital advanced in year £	Loan outstanding at 31 December 2000 £
uc.com e-commerce Ltd	7,963,089	13,980,162
UC Market Makers Holdings BV	3,195,162	3,195,162
UC Capital Holdings BV	854,417	854,417
June Holding NV	327,088	327,088
UC Capital.com Limited	151,775	151,775

The company has made a full provision against the recoverability of the intercompany loans as at 31 December 2000.

16 Post balance sheet events

On 27 February 2001 the company entered into a Private Placement Agreement with Bautechinvest Establishment ("BTE"), subsequently revised on the 15 November 2001. This agreement was to provide the company funding and facilities totalling US\$374 million over a two year period. Ultimately no funds were received from BTE and the non-performance of this financing agreement put the company into severe financial difficulties.

On 20 March 2002 The High Court made an Administration Order in relation to the company, appointing David Waterhouse and James Tickell of PricewaterhouseCoopers as Joint Administrators. The Administrators proposed a Company voluntary Arrangement ("CVA") whereby creditors of the company were offered the choice of new shares in the company or a cash dividend. £850,000 in cash and £150,000 in guarantees was made available by shareholders, including the directors, and the CVA was successful. The company was discharged from Administration on the 15 October 2002.

Creditor settlements under the CVA resulted in the issue of 49,758,830 new ordinary shares of £0.0001.