

Registered number
03655247

Monticello PLC
Audited Accounts
31 March 2001



Monticello PLC
Report and accounts
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Monticello PLC
Company Information

Directors

R Ferrand - Chairman
A Sommerville FCA

Secretary

A Sommerville FCA

Registered office

City Business Centre
2 London Wall Buildings
London Wall
London
EC2M 5PP

Registered number

03655247

Auditors

Hacker Young
168 Church Road
Hove
East Sussex
BN3 2DL

Bankers

National Westminster Bank plc
Regent Street Branch
PO Box No. 4RY
250 Regent Street
London
W1A 4RY

Solicitors

James Stallard & Co.
19 Bedford Row
London
WC1R 4EB

Chairman's Statement

The year under review has been particularly difficult for the company. It started with the failure to obtain a listing of e-com forum plc due to the rapid deterioration of stock market perception of dot-com companies. Then, during the latter part of 2000, your directors attempted to locate a suitable business to effect a reverse takeover of Monticello. This proved very difficult for the following reasons:

- i) Litigation. The company was engaged in complex litigation with alleged holders of options over a large number of ordinary shares in the company's share capital. This, I am pleased to say, has been resolved in the company's favour and the matter is now closed. However we failed to obtain full repayment of our awarded costs.
- ii) The public perception of Monticello which had been subject to adverse publicity, and the low level of liquid and other resources of the company.

In January 2001 we received an approach from a Mr Aniz Manji. Agreement was reached in principle for him and his associates to introduce certain media related and property assets into the company subject to shareholder and Takeover Panel clearances. This transaction would have left the shareholders considerably less diluted than other possibilities. With this in mind, the Board appointed Mr Manji and Mr Glynn Larsen to the Board in January 2001. At the same time Mr Mark O'Hanlon resigned and I became non-executive. Mr Toby Thomas resigned later in the year. This transaction was not completed and further information is shown under "post balance sheet events" below.

We are continuing to run the serviced office business. The company vacated its offices in Monticello House for smaller space as befits its reduced size, which in turn makes more lettable space available. This business has suffered with the downturn in general confidence which means we cannot achieve the levels of rent of earlier years, but there is a high level of occupancy at slightly reduced rents.

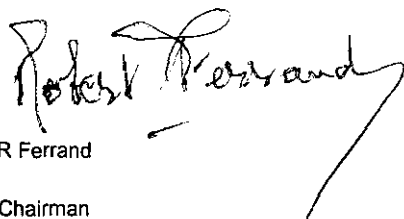
We have also taken write downs in the company's investments.

Post balance sheet events

Litigation against Messrs. Manji and Larsen. This action is currently sub-judice so it is advisable for me to restrict my comments here. However, to briefly summarise, Messrs. Manji and Larsen failed to request Monticello shareholders' consent to the intended reverse takeover which they subsequently abandoned. However, they lent a large percentage of Monticello's funds to a company with interest in local television of which they were directors and invested a further significant part of Monticello's resources in a small private company, the ordinary shares of which were owned by Mr Manji. The case is expected to go to Court later this year.

Among other things, Monticello seeks to recover the £410,000 which it claims was unlawfully lent and £150,000 which it claims was unlawfully invested. There are other claims. Shareholders will see that for the company to have an ongoing future, the successful outcome of this case is critical.

From time to time, the company receives takeover approaches but they are invariably linked with success in the current litigation.



R Ferrand
Chairman

Monticello PLC Directors' Report

The directors present their report and accounts for the year ended 31 March 2001.

The Company was incorporated on 23 October 1998 as Gloucester Equities Limited and changed its name to Monticello plc on 10 November 1998.

Principal activities and review of the business

The Group's principal activities during the period were the provision of serviced office space, support services and corporate venturing.

A review of the results and future developments of the Group is dealt with in the Chairman's Statement.

Results and dividends

The results for the period are set out in the accompanying accounts. The directors do not recommend the payment of a dividend.

Events since the balance sheet date

This is discussed in the Chairman's statement.

Directors

The directors who served during the year and their interests in the 2.5p ordinary shares of the company are as follows.

	Appointed	Resigned	31/3/00 Number	31/3/01 Number
Robert Ferrand	04/10/1999		2,970,000	2,970,999
Andrew Sommerville	19/10/1999		800,000	1,800,000
Toby Thomas	19/10/1999	02/10/2002	1,224,455	2,224,445

Other directors who served during the year were:

	Appointed	Resigned
Mark O'Hanlon	18/10/1998	26/01/2001
Aniz Manji	26/01/2001	12/07/2001
Glynn Larsen	26/01/2001	12/07/2001
Brian Sturgess	26/01/2001	12/07/2001
Amber Rudd	30/07/1999	08/05/2000

Substantial shareholdings

On 13 June 2002, the Company had received notification of the following interests in more than 3% of the Company's issued share capital, in addition to the above interests

Mark O'Hanlon	5,684,910 shares
Bruce Rowan	4,540,396 shares
Rathbone Nominees Limited	3,041,550 shares
Pershing Keen Nominees Limited	2,950,750 shares
Akers Mills Limited	2,495,000 shares
Syndicate Nominees Limited	2,250,000 shares
Sharelink Nominees Limited	1,646,747 shares

Political and charitable donations

During the period, the company made no political or charitable contributions.

Payments to creditors

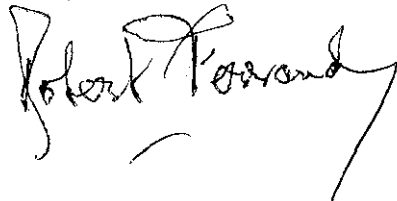
It is group policy that all creditors are dealt with in accordance with its standard payments practice whereby all outstanding trade accounts are settled within the greater of the settlement terms advised by the supplier at the time of supply and 30 days following the month of purchase. During the period the average credit taken was approximately 45 days.

Auditors

A resolution to reappoint Hacker Young as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 17 June 2002

Robert Ferrand
Director



Monticello PLC

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 accounts 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.

Statement of Auditors' Responsibilities

The responsibilities of the Company's independent auditors are established by statute, the Auditing Practices Board and the accountancy profession's ethical guidance. Their responsibilities in relation to the annual report are set out below.

They report to the shareholders their opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. They also report to shareholders if, in their opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if they have not received all the information and explanations they require for their audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

They read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. They consider the implications for their report to shareholders if they become aware of any apparent statements of material inconsistencies with the financial statements.

Monticello PLC
Auditors' Report

Report of the auditors
to the shareholders of Monticello PLC

We have audited the accounts on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error.

The accounts have been prepared on a going concern basis on the assumption that sufficient funds will be available or made available to the company from a positive outcome of the legal proceedings as described in note 1.1 to the accounts ("the legal case"), the continued support of the existing creditors and from future trading.

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the outcome to the legal case. The outcome of any litigation is inherently uncertain. Our opinion is not qualified in this respect.

Limitation in audit scope

The evidence available to us was limited in that there is no formal evidence that the company's creditors have accepted, and will continue to honour, the negotiated deferred payment terms. There were no other satisfactory procedures that we could adopt to satisfy ourselves that the going concern basis is appropriate.

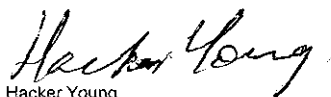
Potential consequences relating to the uncertainty and scope limitation

If the creditors withdraw their support or if the legal case is not determined in favour of the company, the company may cease to trade and the going concern basis would then be inappropriate. In these circumstances, adjustments might be required to write down assets, take account of additional liabilities and to reclassify long-term assets and liabilities as current.

Qualified opinion arising from limitation in audit scope

Except for any adjustments to the financial statements that might have been found to be necessary had we been able to obtain sufficient evidence concerning the financing arrangements and the intention of the creditors relating thereto, in our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to the financing arrangements referred to above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.



Hacker Young
Chartered Accountants
Registered Auditors

168 Church Road, Hove.

17 June 2002

Monticello PLC
Consolidated Profit and Loss Account
for the year ended 31 March 2001

	Notes	1.4.00 to 31.3.01	23.10.98 to 31.3.00
		£	£
Turnover	2	340,341	165,850
Cost of sales		<u>(9,829)</u>	<u>(7,732)</u>
Gross profit		330,512	158,118
Administrative expenses		<u>(1,047,542)</u>	<u>(577,379)</u>
Operating loss	3	(717,030)	(419,261)
Exceptional Items	7	<u>(1,753,247)</u>	<u>-</u>
Loss Before interest		(2,470,277)	(419,261)
Interest receivable		22,960	1,996
Interest payable	8	<u>(12,514)</u>	<u>(7,792)</u>
Loss on ordinary activities before taxation		(2,459,831)	(425,057)
Taxation		<u>-</u>	<u>-</u>
Loss for the period	18	<u><u>(2,459,831)</u></u>	<u><u>(425,057)</u></u>
Loss per share	4	<u>5.7p</u>	<u>1.7p</u>
Fully diluted loss per share	4	<u>5.7p</u>	<u>1.5p</u>

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the losses for the above two periods.

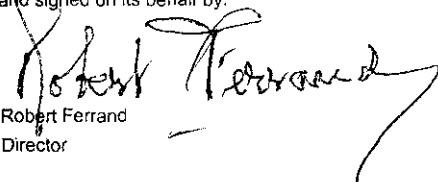
Continuing operations

None of company's activities were acquired or discontinued during the above two periods.

Monticello PLC
Balance Sheet
as at 31 March 2001

	Notes	Group 31.3.01 £	Group 31.3.00 As restated £	Company 31.3.01 £	Company 31.3.00 As restated £
Fixed assets					
Goodwill	9	86,838	419,315	-	-
Tangible assets	10	224,395	159,988	224,395	148,487
Investments	11	194,921	1,050,402	258,921	1,257,574
		<u>506,154</u>	<u>1,629,705</u>	<u>483,316</u>	<u>1,406,061</u>
Current assets					
Debtors	12	745,901	612,122	910,077	1,095,443
Cash at bank and in hand		3,103	580,407	-	579,115
		<u>749,004</u>	<u>1,192,529</u>	<u>910,077</u>	<u>1,674,558</u>
Current Liabilities					
Creditors: amounts falling due within one year	13	(269,974)	(97,539)	(271,212)	(76,247)
Provisions	14	-	(75,000)	-	(75,000)
		<u>(269,974)</u>	<u>(172,539)</u>	<u>(271,212)</u>	<u>(151,247)</u>
Net current assets		<u>479,030</u>	<u>1,019,990</u>	<u>638,865</u>	<u>1,523,311</u>
Total assets less current liabilities		985,184	2,649,695	1,122,181	2,929,372
Creditors: amounts falling due after more than one year	15	<u>(73,500)</u>	<u>(111,000)</u>	<u>(73,500)</u>	<u>(111,000)</u>
		<u>911,684</u>	<u>2,538,695</u>	<u>1,048,681</u>	<u>2,818,372</u>
Capital and reserves					
Called up share capital	16	1,251,803	967,945	1,251,803	967,945
Share premium	17	2,544,769	1,995,807	2,544,769	1,995,807
Profit and loss account	18	(2,884,888)	(425,057)	(2,747,891)	(145,380)
Shareholders' funds:		<u>911,684</u>	<u>2,538,695</u>	<u>1,048,681</u>	<u>2,818,372</u>

Approved by the board on 17 June 2002
and signed on its behalf by:


Robert Ferrand
Director

Monticello PLC
Consolidated Cash Flow Statement
for the year ended 31 March 2001

	Notes	1.4.00 to 31.3.01 £	23.10.98 to 31.3.00 As restated £
CASH FLOW STATEMENT			
Net cash outflow from operating activities		(957,518)	(761,939)
Returns on investments and servicing of finance	20	10,446	(5,796)
Capital expenditure	20	<u>(378,225)</u> (1,325,297)	<u>(256,491)</u> (1,024,226)
Financing	20	<u>762,520</u>	<u>1,590,106</u>
(Decrease)/increase in cash		<u>(562,777)</u>	<u>565,880</u>
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss		(717,030)	(419,261)
Exceptional Items		(322,489)	-
Depreciation charges		79,046	7,070
Amortisation of goodwill		24,774	29,362
Increase in debtors		(133,778)	(612,122)
Increase in creditors		111,959	233,012
Net Cash outflow from trading activities		<u>(957,518)</u>	<u>(761,939)</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(562,777)	565,880
Decrease/(increase) in debt financing		37,500	(111,000)
Change in net debt	21	<u>(525,277)</u>	<u>454,880</u>
Net funds at opening		<u>454,880</u>	<u>-</u>
Net funds at closing	21	<u>(70,397)</u>	<u>454,880</u>

Monticello PLC
Notes to the Accounts
for the year ended 31 March 2001

1 Accounting policies

Accounting convention

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

Basis of consolidation

The accounts consolidate the Company and its subsidiaries. Inter-group transactions have been eliminated.

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented in these accounts. The loss for the period dealt with in the accounts of the parent company was £2,602,511

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Furniture and fixtures	5 years
Computer equipment	3 years

1.1 Going concern

The financial statements have been prepared on a going concern basis, taking account of the following:

- 1 The directors have negotiated deferred repayment terms in respect of certain large creditors. Although these are informal arrangements the directors are comfortable that the creditors will continue to honour them
- 2 The company is currently engaged in legal action to recover a sum in excess of £550,000. The directors, having taken legal advice, are confident that this case will be determined in favour of the company and that the funds recovered will be sufficient for the company's present needs.
- 3 The company is now trading satisfactorily.

The directors have made the following assumptions in connection with the going concern basis:

- 1 The creditors will continue to honour the above arrangements.
- 2 That the legal action will be successful and sufficient funds will be recovered.
- 3 That the company's trading will continue to be satisfactory for the foreseeable future.

As explained above, the group is dependent on the continued support of its creditors and directors and the successful outcome of the legal action in order to finance its trading and to meet its liabilities as they fall due. If the above assumptions prove to be inappropriate, adjustments would have to be made to adjust the value of assets to their recoverable amount, to provide for any further liabilities which might arise and to reclassify long-term assets and liabilities as current.

2 Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax where appropriate.

	Group	Group
	1.4.00	23.1.98
3 Operating loss	to 31.3.01	to 31.3.00

This is stated after charging:

	£	£
Depreciation of owned fixed assets	79,046	7,070
Amortisation of goodwill	24,774	29,362
Operating lease rentals - car	4,971	-
Auditors' remuneration	10,000	5,698

Monticello PLC
Notes to the Accounts
for the year ended 31 March 2001

4 Loss per share

The calculation of loss per share on the net basis is based on the consolidated loss after tax of £2,459,831 and on 43,453,894 being the weighted average number of shares in issue during the period.

The calculation of fully diluted loss per share is the same as the above, as all options have now lapsed. No calculation of loss per share was performed for the purposes of these management accounts

	Group 1.4.00 to 31.3.01	Group 23.1.98 to 31.3.00
5 Directors' emoluments		

Salaries/fees paid to the directors in the period:

	£	£
R Ferrand	11,250	7,500
M O'Hanlon (see below)	77,500	107,464
T Thomas	52,500	36,980
A Hannah	-	9,848
A Sommerville	52,500	4,604
A Rudd	5,000	8,200
	<u>198,750</u>	<u>174,596</u>

	Group 1.4.00 to 31.3.01	Group 23.1.98 to 31.3.00
6 Staff costs		

	£	£
Wages and salaries	272,670	180,659
Other	-	6,978
	<u>272,670</u>	<u>187,637</u>

Average number of employees during the year

	Number	Number
Administration	3	3
Marketing	1	1
Sales	1	1
	<u>5</u>	<u>5</u>

	Group 1.4.00 to 31.3.01	Group 23.1.98 to 31.3.00
7 Exceptional items		

	£	£
Abortive costs	75,896	-
Provision for irrecoverable commission	50,000	-
Write down on investments	908,861	-
Write down of goodwill	354,504	-
Directors' settlements / payments in lieu of notice	196,593	-
Loss on sale of investment	167,393	-
	<u>1,753,247</u>	<u>-</u>

Monticello PLC
Notes to the Accounts
for the year ended 31 March 2001

		1.4.00	23.1.98
8	Interest payable	to 31.3.01	to 31.3.00
			As restated
		£	£
	Bank loans and overdrafts	415	1,032
	Debenture loans	<u>12,099</u>	<u>6,760</u>
		<u>12,514</u>	<u>7,792</u>
		Group	Group
		1.4.00	23.1.98
		to 31.3.01	to 31.3.00
9	Goodwill		As restated
	Cost	£	£
	Opening balance	448,677	-
	Additions	46,800	448,677
	Eliminated on write offs	<u>(401,595)</u>	<u>-</u>
	Closing balance	<u>93,882</u>	<u>448,677</u>
	Amortisation		
	Opening balance	29,362	-
	Provided during the period	24,774	29,362
	Eliminated on write offs	<u>(47,092)</u>	<u>-</u>
	Closing balance	<u>7,044</u>	<u>29,362</u>
	Net book value		
	Opening balance	<u>419,315</u>	<u>-</u>
	Closing balance	<u>86,838</u>	<u>419,315</u>

The residual goodwill arises upon consolidation of Lillie Estates Limited . It is being written off in equal annual instalments over its estimated economic life of 15 years.

All goodwill arising upon consolidation of Warkworth plc has been written off at the period end as part of exceptional costs included in note 7.

Additional goodwill arose in the period:

Deferred consideration of £14,000, being the repayment of the Lillie Estates Ltd bank overdraft in April 2000.

Increased goodwill of £32,800 relating to Warkworth plc being the exercise of rights to convert Zinc Corporation shares into Monticello plc shares during the year.

Monticello PLC
Notes to the Accounts
for the year ended 31 March 2001

10	Tangible fixed assets	Group	Group	Company	Company
		31.3.01	31.3.00	31.3.01	31.3.00
		Fixtures, fittings & computers	Fixtures, fittings & computers	Fixtures, fittings & computers	Fixtures, fittings & computers
		£	£	£	£
Cost					
	Opening Balance	167,058	-	152,505	-
	Additions in year	143,453	167,058	142,853	152,505
	Closing Balance	310,511	167,058	295,358	152,505
Depreciation					
	Opening balance	(7,070)	-	(4,018)	-
	Charge for the period	(79,046)	(7,070)	(66,945)	(4,018)
	Closing balance	(86,116)	(7,070)	(70,963)	(4,018)
Net book value					
	Opening balance	159,988	-	148,487	-
	Closing balance	224,395	159,988	224,395	148,487
11 Investments					
		Group	Group	Company	Company
		31.3.01	31.3.00	31.3.01	31.3.00
		£	£	£	£
	Cost less amounts written off				
	Additions	644,999	1,050,402	691,799	1,257,574
	At 31 March 2001	194,921	1,050,402	258,921	1,257,574

The Company holds 20% or more of the share capital of the following companies:

Company	Registered	Activity	Shares held class	% held
Subsidiaries				
Lillie Estates Management Ltd	England	See below	Ordinary	100.00
ECF Equity Limited	England	Investment	Ordinary	100.00
TBX Investments Limited	England	Investment	Ordinary	100.00
Zinc Metallurgical Process Limited	England	Dormant	Ordinary	100.00
Monticello Assets Limited	England	Dormant	Ordinary	100.00
ecomforum Limited	England	Dormant	Ordinary	100.00
ECF Services Limited	England	Dormant	Ordinary	100.00
Other investments				
PRI Holdings Limited	England	Investment	Ordinary	29.00
The Gallery of European Heritage Ltd	England	See below	Ordinary	28.70
Zinc Corporation Limited	England	Dormant	Ordinary	21.00

The principal activity of Lillie Estates Limited is the provision of serviced office accommodation.

The principal activity of Lillie Estates Management Limited is as a lease holding Company.

Warkworth plc was dormant during the period and was wound up post balance sheet.

The principal activity of The Gallery of European Heritage Limited was retailing through catalogues. The company is not trading at present.

PRI Holdings Limited and Gallery of European Heritage Limited are not regarded as associates in which the Company has participating interests as the Company takes no part in, or makes decisions concerning, the operations of those companies and therefore does not exercise significant influence over those companies.

The Company is in a dispute regarding an uncompleted contract relating to a prospective investment.

Monticello PLC
Notes to the Accounts
for the year ended 31 March 2001

12	Debtors	Group	Group	Company	Company
		31.3.01	31.3.00	31.3.01	31.3.00
			As restated		As restated
		£	£	£	£
	Amounts owed by group undertakings	-	-	169,028	515,358
	Trade debtors	29,356	7,832	24,504	-
	Other debtors	485,361	437,309	485,361	413,230
	Prepayments and accrued income	125,143	45,219	125,143	45,093
	Rental deposits made	106,041	121,762	106,041	121,762
		<u>745,901</u>	<u>612,122</u>	<u>910,077</u>	<u>1,095,443</u>

13	Creditors: amounts falling due within one year	Group	Group	Company	Company
		31.3.01	31.3.00	31.3.01	31.3.00
			As restated		As restated
		£	£	£	£
	Bank loans and overdrafts	-	14,527	6,580	-
	Rent deposits held	40,001	4,959	34,790	-
	Trade creditors	104,465	9,570	104,335	9,440
	Other creditors	71,374	-	71,374	-
	Accruals and deferred income	54,134	68,483	54,133	66,807
		<u>269,974</u>	<u>97,539</u>	<u>271,212</u>	<u>76,247</u>

14	Provisions	Group	Group	Company	Company
		31.3.01	31.3.00	31.3.01	31.3.00
		£	£	£	£
	Provisions	-	75,000	-	75,000

15	Creditors: amounts falling due after one year	Group	Group	Company	Company
		31.3.01	31.3.00	31.3.01	31.3.00
			As restated		As restated
		£	£	£	£
	Debentures	<u>73,500</u>	<u>111,000</u>	<u>73,500</u>	<u>111,000</u>

Debenture interest is payable bi-annually at a rate of 12% p.a. The debentures have a five year term and are redeemable on or before 30 September 2004

Monticello PLC
Notes to the Accounts
for the year ended 31 March 2001

16	Share capital			31.3.01	31.3.00
				£	£
	Authorised:				
	Ordinary shares of 2.5p each			<u>60,000,000</u>	<u>60,000,000</u>
		31.3.01	31.3.00	31.3.01	31.3.00
		No	No	£	£
	Allotted, called up and fully paid:				
	Ordinary shares of 2.5p each	<u>50,072,093</u>	<u>38,717,808</u>	<u>1,251,803</u>	<u>967,945</u>
	Movement in share capital			31.3.01	31.3.00
				£	£
	Opening shares in issue			967,945	-
	Issued in the period			<u>283,858</u>	<u>967,945</u>
	Closing shares in issue			<u>1,251,803</u>	<u>967,945</u>

During the period covered by these accounts, the Company has issued 11,354,285 new shares, 1,305,823 upon conversion of ordinary 2.5p shares of The Zinc Corporation plc on a one for one basis and 4,755,000 new ordinary shares for cash consideration at prices ranging from 2.5p to 40p. In addition, a warrant over 255,000 shares at 2.5p per share was exercised and convertible debentures of £37,500 at face value were converted at 13p into 288,462 shares. 4,750,000 shares at 2.5p were issued to directors as payment in lieu of notice

The issued share capital of the Company at 18 June 2002 was 50,072,093 ordinary shares of 2.5p.

17	Share premium			31.3.01	31.3.00
				£	£
	Opening balance			1,995,807	-
	On Shares issued in period			548,962	1,995,807
				<u>2,544,769</u>	<u>1,995,807</u>
	Closing balance			<u>2,544,769</u>	<u>1,995,807</u>

Monticello PLC
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18	Profit and loss account	Group	Group	Company	Company
		31.3.01	31.3.00	31.3.01	31.3.00
		£	£	£	£
	Opening balance	(425,057)	-	(145,380)	-
	Retained loss	<u>(2,459,831)</u>	<u>(425,057)</u>	<u>(2,602,511)</u>	<u>(145,380)</u>
	Closing balance	<u>(2,884,888)</u>	<u>(425,057)</u>	<u>(2,747,891)</u>	<u>(145,380)</u>

		Company	
		2000	1998
		£	£
	At 23 October 1998	-	-
	Retained loss	2,602,511	-
	At 31 March 2000	<u>2,602,511</u>	<u>-</u>

19	Reconciliation of movement in group shareholders' funds	Group	Group
		1.4.00	23.1.98
		31.3.01	to 31.3.00
		£	As restated £
	Opening balance	2,538,695	-
	Loss for the period	(2,459,831)	(425,057)
	New share capital subscribed	<u>832,820</u>	<u>2,963,752</u>
	Net (deduction)/addition to shareholders funds	<u>(1,627,011)</u>	<u>2,538,695</u>
	Opening shareholders funds	<u>2,538,695</u>	<u>-</u>
	Closing shareholders funds	<u>911,684</u>	<u>2,538,695</u>

20	Gross cash flows	Group	Group
		1.4.00	23.1.98
		to 31.3.01	to 31.3.00
		£	As restated £
Returns on investments and servicing of finance			
	Interest received	22,960	1,996
	Interest paid	<u>(12,514)</u>	<u>(7,792)</u>
		<u>10,446</u>	<u>(5,796)</u>
Capital expenditure			
	Payments to acquire intangible fixed assets	(14,000)	-
	Payments to acquire tangible fixed assets	(143,453)	(167,058)
	Payments to acquire investments	(644,998)	(89,433)
	Receipts from sales of investments	<u>424,226</u>	<u>-</u>
		<u>(378,225)</u>	<u>(256,491)</u>
Financing			
	Issue of share capital	892,726	1,479,106
	Expenses paid in connection with share issue	(92,706)	-
	Debentures issued / Redeemed	<u>(37,500)</u>	<u>111,000</u>
		<u>762,520</u>	<u>1,590,106</u>

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21 Analysis of changes in net debt	At 1 April 2000	Cash flows	Non-cash changes	At 31 March 2001
	£	£	£	£
Cash at bank and in hand	580,407	(577,304)	-	3,103
Overdrafts	(14,527)	14,527	-	-
	<u>565,880</u>	<u>(562,777)</u>	<u>-</u>	<u>3,103</u>
Debentures in issue	(111,000)	37,500	37,500	(73,500)
Total	<u>454,880</u>	<u>(525,277)</u>	<u>37,500</u>	<u>(70,397)</u>

22 Related party transactions

During the period, City Vintners Ltd, in which Andrew Sommerville, a director, has a material interest, was billed £20,000 in consultancy fees by Monticello plc.

23 Post balance sheet events

The company is engaged in litigation as set out in the Chairman's statement.

24 Contingent liabilities

The company is involved in a number of disputes originating from prior periods, none of which are expected to result in a material loss that has not been provided for.

25 Prior period adjustment

During the period 23 October 1998 to 31 March 2000 shares were issued but their proceeds were understated by £340,000 resulting in debtors and share premium account being understated. This sum was received in April 2000. Appropriate adjustments have been made to the prior year's debtor and share premium accounts.

A £300,000 investment in PRI Holdings Limited, in the prior year, was shown as being held through the wholly owned subsidiary TBX Investments Limited. Monticello plc had a £300,000 intercompany debtor due from TBX Investments Limited. This is restated in the prior year as being an investment of Monticello plc and the intercompany balance has been removed.

26 Options

Nicolas Kahla is the holder of 1,764,000 options, exercisable at prices between 10p and 20p, all of which expired by 9th November 2001.

Nikky Gilding is the holder of 2,500,000 options, exercisable at prices between 10p and 20p, all of which expired by 10th October 2001.

27 Group charges

City Trust Limited holds a charge in favour of themselves, over Monticello plc, and a cross charge over Monticello Assets Limited. This charge arises as a consequence of the debentures, and is limited to £1,000,000. Charge is by way of a trust deed, securing the assets of the two companies.