

**REGISTRAR'S COPY**  
**COMPANY NUMBER 3928553**

# **CASSIAN INVESTMENTS PLC**



## **REPORT AND FINANCIAL STATEMENTS**

For the year ended 30 June 2002

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**OFFICERS AND ADVISERS*****Directors***

A J G Bilton  
J D A Aspinall  
G Baker  
A D Pereira

***Secretary and registered office***

N R Gordon  
21 Knightsbridge  
London SW1X 7LY

***Company number***

3928553

***Auditors***

BDO Stoy Hayward  
Emerald House  
East Street  
Epsom  
Surrey KT17 1HS

***Registrars***

Connaught St Michaels Limited  
PO Box 30  
Cresta House  
Alma Street  
Luton  
Bedfordshire LU1 2PU

## CHAIRMAN'S STATEMENT

### Review and outlook

Your Board has continued to appraise a large number of potential acquisition targets including the possibility of providing finance to existing "small cap" quoted companies by being taken over in an all share deal itself.

The Directors are convinced that any transaction the Company may have enacted during the last year in the quoted sector would have resulted in subsequent losses in value to shareholders.

The small cap quoted sector remains unloved irrespective of the fundamentals behind the underlying businesses.

Your Board is currently appraising three possible transactions where preliminary due diligence is being undertaken.

However, as stated in the original prospectus, should no proposal be put to shareholders by 29 May 2003 then the Company will hold an EGM to ask shareholders whether they wish the Company to be liquidated and have their cash returned.

As value begins to materialise in these falling markets, your Board is hopeful that a suitable transaction will be effected before this date.

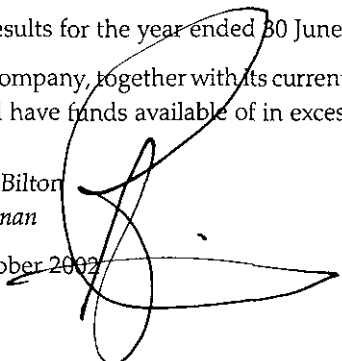
### Financial results

The results for the year ended 30 June 2002 show a loss of £18,854.

The Company, together with its current cash resources and outstanding calls on its issued share capital, would have funds available of in excess of £4 million to effect a suitable acquisition.

A J G Bilton  
Chairman

1 October 2002



**DIRECTORS' REPORT**  
FOR THE YEAR ENDED 30 JUNE 2002

The Directors present their report together with the audited financial statements for the year ended 30 June 2002.

**PRINCIPAL ACTIVITIES, RESULTS, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The Company was established as a cash shell to identify a single transaction whereby the Company would acquire, or would be acquired by, an undertaking suitable for admission to a regulated market.

The result for the period is shown in the profit and loss account on page 7. The Directors do not recommend the payment of a dividend.

There have been no events since the balance sheet date which materially affect the position of the Company.

**DIRECTORS**

The Directors who served during the year and their interests in the shares, options and similar interests of the Company were as follows:

	Issued and partly paid to 0.25p nominal value per share:				Issued and fully paid:	
	Warrants	Warrants	Ordinary shares of 1p each		Ordinary shares of 1p each	
	30 June 2002	30 June 2001	30 June 2002	30 June 2001	30 June 2002	30 June 2001
A J G Bilton	—	—	—	—	—	—
J D A Aspinall	—	—	—	—	—	—
G Baker	5,000,000	5,000,000	2,500,000	2,500,000	—	—
A D Pereira	1,250,000	1,250,000	—	—	—	—

Details of the Directors' share options are shown in note 2.

**DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each financial period 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 departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DIRECTORS' REPORT**  
CONTINUED

POLICY AND PRACTICE ON THE PAYMENT OF CREDITORS

The Company's policy concerning the payment of its suppliers is to arrange the best possible terms with them and then pay as appropriate to those terms, subject to satisfactory performance by the suppliers. Any contractual or legal obligations would be honoured, with creditors being paid by the agreed dates to satisfy such commitments. At the year end the number of days' purchases outstanding was nil (2001: nil).

AUDITORS

BDO Stoy Hayward have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board

A D Pereira  
Director

1 October 2002



**AUDITORS' REPORT**  
TO THE SHAREHOLDERS OF CASSIAN INVESTMENTS PLC

We have audited the financial statements of Cassian Investments Plc for the year ended 30 June 2002 on pages 7 to 13 which have been prepared under the accounting policies set out therein.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.


**BASIS OF OPINION**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
BDO STOY HAYWARD  
Chartered Accountants  
and Registered Auditors

Epsom, Surrey

3 October 2002

**PROFIT AND LOSS ACCOUNT**  
FOR THE YEAR ENDED 30 JUNE 2002

		Year ended 30 June 2002	Period from 18 February 2000 to 30 June 2001
	Note	£	£
Administrative expenses		66,842	77,755
		<hr/>	<hr/>
<b>OPERATING LOSS</b>	3	(66,842)	(77,755)
Interest receivable		47,988	35,820
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(18,854)	(41,935)
Taxation on loss from ordinary activities	4	—	(4,585)
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(18,854)	(46,520)
		<hr/> <hr/>	<hr/> <hr/>
<b>LOSS PER SHARE</b>	5	(0.03p)	(0.06p)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 10 to 13 form part of these financial statements.



**BALANCE SHEET**

AT 30 JUNE 2002

	Note	30 June 2002 £	30 June 2001 £
<b>CURRENT ASSETS</b>			
Called up share capital not paid	6,8	1,514,362	1,514,362
Prepayments and accrued income		3,043	407
Cash at bank and in hand		1,167,517	1,208,162
		<u>2,684,922</u>	<u>2,722,931</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	7	(18,293)	(37,448)
		<u>2,666,629</u>	<u>2,685,483</u>
<b>NET ASSETS</b>			
		<u>2,666,629</u>	<u>2,685,483</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	8	634,787	634,787
Share premium	10	2,097,216	2,097,216
Profit and loss account	10	(65,374)	(46,520)
		<u>2,666,629</u>	<u>2,685,483</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>			
		<u>2,666,629</u>	<u>2,685,483</u>

The financial statements were approved by the Board on 1 October 2002.

A J G Bilton  
Director

The notes on pages 10 to 13 form part of these financial statements.

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED 30 JUNE 2002

	Year ended 30 June 2002	Period from 18 February 2000 to 30 June 2001
	£	£
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW</b>		
Operating loss	(66,842)	(77,755)
Increase in debtors	(2,636)	(407)
(Decrease)/increase in creditors	<u>(19,155)</u>	<u>32,863</u>
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<u><u>(88,633)</u></u>	<u><u>(45,299)</u></u>

	Year ended 30 June 2002	Period from 18 February 2000 to 30 June 2001
	£	£
<b>CASH FLOW STATEMENT</b>		
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	(88,633)	(45,299)
Returns on investments and servicing of finance		
Interest received	<u>47,988</u>	<u>35,820</u>
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>	<u>47,988</u>	<u>35,820</u>
<b>CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>	(40,645)	(9,479)
<b>MANAGEMENT OF LIQUID RESOURCES</b>		
Decrease/(increase) in short term deposits	<u>17,683</u>	<u>(1,175,435)</u>
<b>CASH INFLOW/(OUTFLOW) FROM MANAGEMENT OF LIQUID RESOURCES</b>	17,683	(1,175,435)
<b>FINANCING</b>		
Issue of ordinary share capital	—	1,269,575
Expenses paid in connection with share issues	<u>—</u>	<u>(51,934)</u>
<b>CASH INFLOW FROM FINANCING</b>	<u>—</u>	<u>1,217,641</u>
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>	<u><u>(22,962)</u></u>	<u><u>32,727</u></u>

	Year ended 30 June 2002	Period from 18 February 2002 to 30 June 2001
	£	£
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>		
(Decrease)/increase in cash in the year	(22,962)	32,727
Cash (inflow)/outflow from movement in liquid resources	<u>(17,683)</u>	<u>1,175,435</u>
Movement in net funds in the year	(40,645)	1,208,162
Net funds at start of year	<u>1,208,162</u>	<u>—</u>
Net funds at end of year	9 <u><u>1,167,517</u></u>	<u><u>1,208,162</u></u>

The notes on pages 10 to 13 form part of these financial statements.

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2002

### 1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

#### DEFERRED TAXATION

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

#### LIQUID RESOURCES

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

### 2. DIRECTORS

No Director received any emoluments from the Company during the year.

The share options of the Directors are set out below:

	1 July 2001 number	Granted number	Exercised number	30 June 2002 number	Exercise price	Date from which exercisable	Expiry date
A J G Bilton	5,000,000	—	—	5,000,000	2p	1/11/00	30/10/07
J D A Aspinall	5,000,000	—	—	5,000,000	2p	1/11/00	30/10/07

### 3. OPERATING LOSS

	Year ended 30 June 2002 £	Period from 18 February 2000 to 30 June 2001 £
This is stated after charging:		
Auditors remuneration:		
— audit services	2,500	4,700
— non audit services	<u>3,000</u>	<u>5,288</u>

**NOTES TO THE ACCOUNTS**  
FOR THE YEAR ENDED 30 JUNE 2002

**4. TAXATION ON LOSS FOR ORDINARY ACTIVITIES**

	Year ended 30 June 2002 £	Period from 18 February 2000 to 30 June 2001 £
Current tax		
UK corporation tax	—	4,585
	<u>          </u>	<u>          </u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £	2001 £
Loss on ordinary activities before tax	<u>(18,854)</u>	<u>(41,935)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30 per cent. (2001: 30 per cent.)	(5,656)	(12,581)
Effects of:		
Expenses not deductible for tax purposes	2,250	11,330
Excess management expenses	3,406	1,251
Other differences	<u>          </u>	<u>4,585</u>
Current tax charge for period	<u>          </u>	<u>4,585</u>

**5. LOSS PER SHARE**

Earnings per ordinary share have been calculated using the weighted average number of shares in issue during the financial period. The weighted average number of shares in issue is 63,478,750 (2001: 80,589,718) and the earnings, being the loss after tax, are £18,854 (2001: £46,520).

Diluted earnings per share are not disclosed because earnings per share will not be diluted as a result of the exercise of share options and warrants

**6. CALLED UP SHARE CAPITAL NOT PAID**

Section 101(1) of the Companies Act 1985 provides that a public company shall not allot a share except as paid up at least as to one-quarter of its nominal value and the whole of any premium on it. Called up share capital not paid represents the difference between the minimum call required by the Act and the actual calls made on 201,915,000 shares issued to date as required under Section 101(3) (see note 8).

Section 101(4) of the Companies Act states that the allottees of any shares allotted in such circumstances are also liable to pay the Company interest on any such amounts not paid up. The Directors do not expect the Company to claim interest on the amounts unpaid and no income has been recognised in the financial statements in this respect.

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2002 £	2001 £
Corporation tax	4,585	4,585
Accruals and deferred income	<u>13,708</u>	<u>32,863</u>
	<u>18,293</u>	<u>37,448</u>

**NOTES TO THE ACCOUNTS**  
FOR THE YEAR ENDED 30 JUNE 2002

**8. SHARE CAPITAL**

At 30 June 2002, the share capital of the Company was as follows:

	2002	2001
	£	£
<i>Authorised:</i>		
500,000,000 Ordinary shares of 1p each	<u>5,000,000</u>	<u>5,000,000</u>
<i>Issued and fully paid:</i>		
13,000,000 Ordinary shares of 1p each	130,000	130,000
<i>Issued and partly paid to 0.25p nominal value per share</i>		
201,915,000 Ordinary shares of 1p each	<u>504,787</u>	<u>504,787</u>
	<u>634,787</u>	<u>634,787</u>

The 201,915,000 ordinary shares of 1p each were issued at 2p per share partly paid as to 0.25p nominal value per share.

The balance on the partly paid shares will be payable upon the Directors resolving to make such a call. However, any call remaining outstanding will become payable in the event that submission is granted to deal in any shares of the Company on a regulated market.

At 30 June 2002, the following subscription rights, warrants and share options were outstanding in respect of ordinary shares of 1p each.

Date of grant	Number	Period of exercise	Price per share
<i>Warrants to subscribe:</i>			
1 November 2000	57,625,000	November 2000- October 2007	2p
1 November 2000	52,000,000	November 2000- October 2007	2p
29 November 2000	24,068,750	November 2000- November 2007	2p
<i>Subscription rights:</i>			
1 November 2000	13,000,000	November 2000- October 2007	2p
<i>Share options:</i>			
1 November 2000	10,000,000	November 2000- October 2007	2p

**NOTES TO THE ACCOUNTS**  
FOR THE YEAR ENDED 30 JUNE 2002

**9. ANALYSIS OF NET FUNDS**

	Cash flow £	At 30 June 2001 £
Cash in hand and at bank	9,765	32,726
Liquid resources	<u>1,157,752</u>	<u>1,175,435</u>
Total	<u>1,167,517</u>	<u>1,208,161</u>

**10. RESERVES**

	Share premium account £	Profit and loss account £
At 1 July 2001	2,097,216	(46,520)
Retained loss for the year	<u>—</u>	<u>(18,854)</u>
At 30 June 2002	<u>2,097,216</u>	<u>(65,374)</u>

**11. RELATED PARTY TRANSACTIONS**

During the year, Newcourt Land Limited and Bilton House Investments Limited charged the Company £13,625 and £10,340 respectively in connection with expenses incurred on potential acquisitions.

A J G Bilton is a director and majority shareholder of Bilton House Investments Limited and J D A Aspinall is a director and majority shareholder of Newcourt Land Limited.

At 30 June 2002 £4,083 was due to Newcourt Land Limited and included in accruals and deferred income. There were no outstanding amounts due to Bilton House Investments Limited.

The Company also incurred costs of £12,333 and £3,260 in connection with expenses incurred on potential acquisitions by G Baker and A D Pereira respectively.

At 30 June 2002 £4,083 was due to G Baker and included in accruals and deferred income. There were no outstanding amounts due to A D Pereira.