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The responsibilities of Matrix Corporate Finance as the Company's Nominated Adviser under the AIM Rules are owed solely to the London Stock Exchange plc and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire shares in reliance on any part of this document.

The Directors of London & Boston Investments Plc whose names appear on page 3 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and there is no material information the omission of which is likely to affect the import of such information.

London & Boston Investments plc

(Registered in England and Wales under no. 3170812)

Admission to the Alternative Investment Market

Nominated Adviser

Matrix Corporate Finance

Broker

Keith Bayley Rogers & Co Limited

This document, which comprises a prospectus, has been drawn up in accordance with the Public Offers of Securities Regulations 1995 (as amended) and has been delivered to the Registrar of Companies in England and Wales for registration in accordance with paragraph 4(2) of the POS Regulations.

Application has been made for the issued and to be issued ordinary share capital of the Company and the A Warrants to be admitted to trading on the Alternative Investment Market of the London Stock Exchange plc ("AIM"). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and consultation, if appropriate, with an independent financial adviser. The whole text of this document should be read and, in particular, attention is drawn to the section entitled "Risk Factors" in Part II of this document.

The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. It is emphasised that no application is being made for admission of these securities to the Official List. Further, the London Stock Exchange plc has not itself examined or approved the contents of this document.

It is anticipated that trading in the Ordinary Shares and the A Warrants on AIM will commence on 16 April 2002.

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DIRECTORS, SECRETARY AND ADVISERS

Directors

Stephen Anton Komlósy	Executive Chairman
Geoffrey Gilbert Dart	Executive Deputy Chairman
John Joseph May FCA	Finance Director
Peter Leonard George Cotgrove FCA	Non-Executive Director
Barry Edward Adams	Non-Executive Director

All of whose business address is 133 Ebury Street, London SW1W 9QU

Registered Office

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Deane Gate Avenue
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Somerset TA1 2UH

Company Secretary

John Joseph May FCA

Nominated Adviser

Matrix Corporate Finance
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London W1S 3PE

Solicitors to the Company

Wallace & Partners
One Portland Place
London W1B 1PN

Broker

Keith Bayley Rogers & Co Limited
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London EC1Y 2EQ

Solicitors to the Admission

Lawrence Graham
190 Strand
London WC2R 1JN

Auditors and Reporting Accountants

Milsted Langdon
Chartered Accountants
Winchester House
Deane Gate Avenue
Taunton
Somerset TA1 2UH

Principal Bankers

Investec Bank (UK) Limited
2 Gresham Street
London EC2V 7QP

Barclays Bank plc
29 Borough High Street
London SE1 1LY

Registrars

Capita IRG Plc
Balfour House
390/398 High Street
Ilford
Essex IG1 1NX

Dunbar Bank plc
9-15 Sackville Street
London W1A 2JP

DEFINITIONS

"A Warrant Instrument"	a deed poll of the Company dated 21 February 2000 which constituted the A Warrants
"A Warrants"	the warrants granted to Shareholders under the offer for subscription pursuant to the terms set out in a prospectus published on 23 February 2000, the principal terms of which are more fully described in Part IV of this document
"Act"	the Companies Act 1985, as amended
"Admission"	admission of the issued and to be issued Ordinary Shares and the A Warrants to trading on AIM in accordance with paragraph 6 of the AIM Rules
"AIM"	the Alternative Investment Market of the London Stock Exchange
"AIM Rules"	the rules of the London Stock Exchange for AIM companies and their nominated advisers governing admission to and operation of AIM
"Avatar"	Avatar Systems Inc
"B Warrant Instrument"	a deed poll of the Company dated 15 January 2002 which constituted the B Warrants
"B Warrants"	the warrants to subscribe for Ordinary Shares representing up to 20% of the issued Ordinary Shares at the date of exercise of such warrants, the principal terms of which are more fully described in Part IV of this document
"Board" or "Directors"	the directors of the Company, whose names are set out on page 3 of this document
"the Bristol Property"	the freehold property at Lioncrest House, 14 Portland Square, Bristol and the nearby leasehold property at 43/44 Wilson Street, Bristol
"Community", "Community of Investments" or "Community of Companies"	the companies and other assets in which the Company has invested or will invest
"Company" or "London & Boston"	London & Boston Investments plc
"CREST"	the electronic, paperless transfer and settlement mechanism for equity trades transacted on AIM and on the Official List of the UK Listing Authority
"Crest Regulations"	Uncertified Securities Regulations 2001 (SI 2001/3755)
"Croma"	Croma Group plc
"Energy Technique"	Energy Technique plc
"Group"	the Company and its subsidiaries
"Harrell"	Harrell Hospitality Group Inc
"KBR"	Keith Bayley Rogers & Co Limited
"the London Stock Exchange"	London Stock Exchange plc
"Matrix"	Matrix Corporate Finance, a division of Matrix-Securities Limited
"Netcentric"	Netcentric Systems plc
"OFEX"	the securities market operated by OFEX plc
"Options"	the options to subscribe for Ordinary Shares as set out in paragraph 3 of Part IV of this document

“Ordinary Shares”	the Ordinary Shares of 2p each in the capital of the Company
“POS Regulations”	the Public Offers of Securities Regulations 1995 (as amended)
“Shareholder” or “Shareholders”	holders of Ordinary Shares
“Shell Company” or “Cash Shell”	a company which either has no or minimal assets or, in the case of a Cash Shell, the assets of which consist principally of cash
“Subscription”	the subscription for 525,000 Ordinary Shares by clients of KBR pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement between the Company, KBR and Matrix the principal terms of which are more fully described in Part IV of this document
“UK Listing Authority”	The Financial Services Authority, the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
“United Kingdom” or “UK”	United Kingdom of Great Britain and Northern Ireland
“United States”, “US” or “USA”	United States of America, each state thereof, its territories and possessions and the District of Columbia
“Warrants”	the A Warrants and the B Warrants
“\$”	US dollars

PART I

KEY INFORMATION

The following information should be read in conjunction with the full text of this document and in particular the section headed "Risk Factors" set out on page 12.

THE COMPANY

Stephen Komlósy took control of the Company in February 1999 when the Company had negative shareholders' funds and commenced the re-structuring of the Company and reconstituted the board. The reconstituted board oversaw the raising of £3.1 million through an offer for subscription and the re-introduction of the Company's shares to OFEX in April 2000. The new strategy, to invest in technologies, assets and situations where the expertise of the Board could add value, has been adhered to carefully and has resulted in strong capital growth. Shareholders' funds have risen from £NIL in June 1999 to £2.990 million (6.36p per Ordinary Share) as at 4 April 2000 and to £6.547 million (9.15p per Ordinary Share) as at 31 December 2001.

The Company has invested in companies which encapsulate the Board's fundamental investment criteria of either excellent management, strong profitability, cash and/or asset content and significant up-side potential for capital growth. London & Boston has enhanced the value of companies within its Community of Investments with, in one case, a US flotation, by providing management and corporate structuring expertise through individuals from the Board who have in turn been appointed to investee companies' boards. The Company has successfully invested in the Bristol Property which has increased in value as a result of London & Boston's actions to obtain residential planning permission.

The companies that London & Boston has invested in and their progress and aspirations are set out in Part II of this document and it will be apparent that the Community of Companies, whilst operating in a range of sectors, are nevertheless in many ways complementary and all of them, the Directors believe, have significant growth potential.

The Company has a "hands on" management approach to these companies within the Community and individuals from the Board play and will continue to be committed to playing an important role in their medium and long term development. The focus will remain on the capital growth of London & Boston over the medium and long term and, whilst this commitment should render strong upside potential in capital growth, it does mean that short-term profits, whilst important, are not the Board's immediate primary objective.

Whilst the Board's priority will be to continue to enhance the value of the companies within the Community, the Board will continue to look for sensible profitable opportunities, through acquisitions and investments, outside the Community, particularly where the Company's involvement will produce benefits for the companies within the Community.

REASONS FOR ADMISSION TO AIM

The Board considers that AIM status will enable the Company to make additional acquisitions and further enhance the value of the Community of Investments through a higher profile with City institutions.

Application has been made for the Ordinary Shares of the Company and the A Warrants to be admitted to trading on AIM. It is anticipated that trading on AIM will commence on 16 April 2002.

SUBSCRIPTION

Irrevocable commitments, subject to the Ordinary Shares being admitted to AIM, to subscribe for a total of 2,090,907 Ordinary Shares at 5.5p per share have been received from Stephen Komlósy (Chairman), Geoffrey Dart (Deputy Chairman), a trust of which Edward Adams (Non-Executive Director) is the principal beneficiary, Wallace & Partners and Matrix Corporate Finance. In addition, the Subscription Agreement provides that KBR shall use its reasonable endeavours to procure subscribers for 525,000 Ordinary Shares at 5.5p per share or itself subscribe for such shares and are authorised, for a period of 28 days from today, to accept subscriptions for a further 2,000,000 Ordinary Shares at not less than 5.5p per share without any obligation on KBR to subscribe itself for such shares. The proceeds arising from the Subscription and the irrevocable commitments will be not less than £143,875 and will be applied towards meeting the costs of Admission.

FURTHER INFORMATION

Your attention is drawn to the information set out in Parts I-IV of this document.

PART II

INFORMATION ON LONDON & BOSTON

HISTORY

The Company was originally incorporated in March 1996 and its shares introduced to OFEX in July 1996. The Company was established to act as a holding company to acquire a subsidiary which operated in the emerging tele-conferencing sector. This business was unsuccessful leaving the Company with negative net assets. All the former board of the Company resigned and a new board under Stephen Komlósy's leadership was appointed. In April 2000 the Company (then called Cybertec Holdings plc) rejoined the OFEX market on the basis of its new strategy and raised £3.1 million through an offer for subscription. The Company decided to change its name to London & Boston Investments plc in September 2001 to reflect the fact that its broad investment strategy was not centred on the technology sector.

Since the Company's flotation and the appointment of the new Board, the Company has created a Community of Companies in which it has invested. The Board has concentrated on building the value of the Company and shareholders' funds have risen from £NIL in June 1999 to £2.990 million (6.36p per Ordinary Share) as at 4 April 2000 and to £6.547 million (9.15p per Ordinary Share) as at 31 December 2001 of which approximately £1.32 million was in cash as shown in the balance sheet as at 31 December 2001.

INVESTMENT STRATEGY

The Directors have extensive knowledge and experience of corporate acquisitions and amalgamations and the direction of a wide range of both quoted and unquoted businesses in the UK and the USA. The Board's strategy is to acquire and invest in companies and assets with the intention of adding value to them. Where an investee company is not controlled, at least one representative director from London & Boston will generally sit on the board of such company and take a leading role in the direction of its affairs.

To increase the overall value of London & Boston, the Company will generally act as a catalyst for positive change and seek to bring about increased value enhancement within the companies in which it has acquired holdings, by encouraging corporate activity, such as mergers, acquisitions, disposals, MBOs and flotations, and by providing management experience and expertise, whilst also allowing sound businesses with ambitious managements to develop.

London & Boston seeks to identify synergies between the companies in which it has invested and to encourage corporate action designed to capitalise on such synergies and so maximise the value enhancement of its Community of Investments.

The Company uses a combination of cash, debt and its shares to acquire or invest in publicly traded and private companies and property. The Company has issued over 24 million Ordinary Shares to fund over £2 million worth of acquisitions since its re-introduction to OFEX in April 2000. In respect to private companies the Company will, where appropriate, usually aim to facilitate a public flotation.

Profitability, good management, cash and/or asset content and the potential for value enhancement are the key criteria the Board considers before making investments. The Company will not normally invest in technology start-up companies or any companies where the Board is not confident of the efficacy of the management.

Having the principal objective of value enhancement, investments will be considered in companies operating in technology, computers or software, telecommunications, investments, manufacturing or engineering, real estate, banking or finance, information or media, insurance or assurance, retailing, health, leisure or hotels, mining, oil or gas, support services, steel and other metals and transport and utilities. The Board will continue to look for opportunities in many parts of the world including, but not limited to, Europe, Australia, USA and Canada and the Middle and Far East.

In accordance with current practice, due diligence, as considered appropriate by the Directors, with regard to investments, will be undertaken by the Company itself and/or its advisers and/or outside experts employed for specific transactions. The Company seeks to structure its investments in a tax efficient manner where appropriate.

Since the Company is demonstrably an active investor there are no circumstances envisaged, for the foreseeable future, in which the Company would return unused funds to Shareholders.

CURRENT INVESTMENTS

The companies listed below comprise the Company's current portfolio of investments, all of which have been made since April 2000.

Avatar Systems Inc

London & Boston invested \$1.6m for 20% of Avatar, the Dallas-based oil industry software company, at \$1 per share. Following a slight dilution of the Company's shareholding to 18.4% when it arranged to take Avatar public, the value of the Company's investment, based on the market price of \$3.10 per share as at 31 December 2001, was \$4.96 million. London & Boston was also granted a warrant to purchase a further one million Avatar shares at \$1 each exercisable on or before 10 July 2005 (these warrants are not valued in the Company's balance sheet as at 31 December 2001). Following the Company's investment Geoffrey Dart and Stephen Komlósy joined the Avatar board as non-executive directors and were instrumental in bringing about the NASD Bulletin Board quotation by the "reverse" of Avatar into a public Shell Company.

The Avatar business has over 350 oil company customers. Its Windows based Petroware 2000 product is a market leader in its field and the Avatar400 software is a successful internet application. Avatar intends to grow by acquisition and through organic expansion from its strong market position and a number of acquisitions are actively under discussion.

Avatar has shown strong organic growth (revenues in the year to 31 December 2001 were 40% higher than in the equivalent period in 2000 and operating income before write off of acquisition costs was over 109% higher). The Board of London & Boston believes that the appalling events of 11 September 2001 at the World Trade Centre will encourage increased activity in the US domestic oil industry.

As at 31 December 2001, this investment was carried in the Company's financial statements at a valuation of £3,078,621 compared with a market value, based on a price of \$3.10 per share, of £3,420,690. As at 28 March 2002 the market price was \$3.25 per share.

Croma Group Plc

The Company has invested £315,000 in OFEX listed Croma and now holds 17.11% of this company. Croma operates in a niche covert and military surveillance market and has a proven expertise in its field and specialises in the design, development and assembly of bespoke high-tech surveillance and monitoring equipment, systems and services for military, civil and commercial organisations. This company has completed a second round of fund raising and is hoping to make an important acquisition. If this acquisition is completed, Croma intends to apply for admission to AIM. Stephen Komlósy is a member of the board of directors of Croma.

Croma has identified a number of other potential acquisition opportunities. The Board feels that the events of 11 September 2001 will also increase the upside potential for this company given its apposite military and covert surveillance products.

As at 31 December 2001, this investment was carried in the Company's financial statements at a valuation of £316,014, based on a price of 15.3p per share. As at 28 March 2002 the market price was 14.75p per share.

Netcentric Systems Plc

The Company currently owns 9.03% of Netcentric, which is quoted on AIM. Netcentric is the owner of "Lychee", a software content management solution providing non-technical users the means to update web sites and intranet content. The Lychee product is sold in Europe under licence and Avatar has an existing distribution agreement for the product in the United States.

The Company wrote off £100,000 of its initial £120,000 investment in this company in its accounts for the year ended 4 April 2001, owing to Netcentric's lack of progress. However, following the resignation of all but one of the eight man board and the recent appointment of Stephen Komlósy as Chairman and John May as Finance Director, the new board is implementing a plan to stabilize this company's finances and create a Cash Shell. The board of Netcentric intends to seek to acquire a business. As part of the new board's stabilisation plan, Netcentric's operating subsidiary has effected a company voluntary arrangement with creditors being offered a mixture of cash and up to 3.11 million Ordinary Shares in London & Boston.

As at 31 December 2001, the investment in Netcentric was carried in the Company's financial statements at a value of £46,644 compared with a market value, based on a price of 0.53p per share, of £121,900. As at 28 March 2002, the market price was 0.43p per share.

Harrell Hospitality Group Inc

London & Boston owns approximately 13% of Harrell. Based in Dallas and London, this company specialises in the management and value enhancement of hotels and is quoted on the NASD Bulletin Board. The company is currently managing three hotels for third parties: the highly rated Biltmore Hotel, Santa Clara, California; the award winning Rancho Santa Barbara Marriott, also in California; and the Columbia Lakes Resort, near Houston, Texas which, subject to contract, Harrell has agreed to purchase.

Harrell is a Marriott franchisee and is the recipient of many management awards from the Marriott organisation and is also approved, amongst others, by the Hilton, Sheraton and Holiday Inn franchise organisations. Geoffrey Dart is chairman of this company and Stephen Komlósy is a non-executive director. London & Boston has options over a further 250,000 shares in Harrell, exercisable at \$1.25 per share on or before 1 February 2006.

London & Boston has introduced Harrell to the substantial UK based Rotch Property Group and Harrell and Rotch have announced a joint strategic alliance to develop hotel ownership for Rotch. The Directors believe that, if successful, this alliance will, in the medium term, have a strong positive effect on the performance of Harrell.

Harrell has also entered into a strategic alliance with Galway Financial Group Inc, a real estate investment bank with offices in Greenwich, Connecticut and London, whose principals have arranged over \$2.5 billion in real estate financing and acted as principals in over \$1.55 billion of sale and leasebacks and other real estate transactions. Galway Financial Group Inc has agreed to provide equity and to assist Harrell in hotel purchase, leasing and management opportunities. Pursuant to these arrangements, Harrell is negotiating to purchase five hotels including Columbia Lakes Resort.

As at 31 December 2001, this investment was carried in the Company's financial statements at a valuation of £629,644 compared with a market value of £953,979, based on a price per share of \$0.98. As at 28 March 2002, the market price was \$0.31 per share.

Energy Technique Plc

In accordance with the Company's enhancement policy, London & Boston organised a consortium (including Harrell, the Chairman of Rotch, a company connected with the family of Geoffrey Dart and London & Boston) to invest £1.1m for 50.2% in aggregate of Energy Technique, which has a full listing on the London Stock Exchange. The investment was completed on 15 June 2001. At that time London & Boston invested £230,354 in cash and £182,000 by the issue to Energy Technique of 1,820,000 Ordinary Shares at 10p each in exchange for the issue to London & Boston of ordinary shares in Energy Technique representing approximately 18.81% of Energy Technique's share capital plus options over a further 4% of this company's share capital exercisable within five years. Subsequently, London & Boston purchased further ordinary shares of Energy Technique for £71,383, taking its holding up to 21.75%. Geoffrey Dart is chairman of the company and Stephen Komlósy is a non-executive director.

First established in 1879, Energy Technique specialises in the design, manufacture and distribution of high quality air conditioning and heating products. With an impressive customer list, including the Houses of Parliament, Nat West, HSBC and Barclays Banks, Marks & Spencer, Land Securities and Hilton, The Savoy and Claridges hotels, the company has developed a high tech, energy saving, air conditioning system called the "Ambassador System" for commercial and hotel use. This product has obvious synergies with Harrell. The consortium has brought and will continue to bring new introductions and business opportunities to expand Energy Technique's core "Diffusion" business.

The new board of Energy Technique has recently announced this company's first profit for seven years, for the year to 31 March 2001, which includes operating profits on continuing operations increasing by 62.77% to £446,000. In the six months to 30 September 2001, progress was maintained with operating profits for the period of £304,000.

As at 31 December 2001, this investment was carried in the Company's financial statements at a value of £514,587 compared with a market value, based on a price of 3p per share, of £476,721. As at 28 March 2002, the market price was 5.25p per share.

Albion Plaza Limited

This subsidiary owns a Grade 1 listed 10,000 sq ft property in Bristol at 14 Portland Square for which, following the Company's application, planning permission has been granted for the conversion of the building to 14 residential apartments. At the present rate of progress (subject to the agreed offer mentioned below) it is expected to be able to commence the development in time for the sale of the apartments by this autumn. The value of the Bristol Property has increased considerably since its purchase owing to the buoyant residential market in Bristol and is included in the 31 December 2001 accounts at its cost of £539,447. The Company has accepted an offer of £700,000 for this property. This subsidiary company has been consolidated in the financial statements.

GRO Properties Plc

London & Boston acquired, on 24 August 2001, the entire issued share capital of GRO Properties Plc, a company with approximately £74,000 of cash and ground rent freeholds, in consideration for the issue to the vendors of 2,204,080 Ordinary Shares at 8.75p per share. It is intended to sell GRO Properties plc and an offer in excess of £200,000 subject to contract has been accepted. This subsidiary company is consolidated in the financial statements.

1st Mortgage Company Limited

On 19 December 2001, the Company acquired the whole of the issued share capital of 1st Mortgage Company Limited. The consideration comprised £100,000 in cash and the issue of 15,000,000 Ordinary Shares at 7p per share together with deferred cash consideration of up to £225,000 payable over three years ending 31 December 2004. This subsidiary company, which is consolidated in the financial statements, is a commercial lender and as at 31 December 2001 had cash at bank of £817,000 and other financial assets of £658,000 (after making reserves for doubtful debts).

Airow plc

Since 31 December 2001, the Company has acquired a 24.98 % stake in Airow plc for a cash consideration of £508,000. Airow plc is an AIM quoted company which has never traded and which has cash reserves of approximately £1.3 million. Geoffrey Dart, Stephen Komlós and Peter Cotgrove have been appointed to the board of Airow plc.

Merchant Kapital Holding A/S

In October 2001 the Company made an initial investment in Merchant Kapital Holding A/S, a Danish company. On 17 January 2002 it made a further investment taking its total investment to £661,344 and Merchant Kapital Holding A/S is now treated as a subsidiary. This company has made an application to undertake credit institution activities pursuant to Section 6 of the Danish Commercial Banks and Savings Bank Act (permission to operate a bank). London & Boston expects to have an interest of up to 25% after the bank has been capitalised and it is intended that its principal activities when established will be to take deposits and make investments.

SUMMARY FINANCIAL INFORMATION

The table below, which has been derived from the accountants' report set out in Part III of this document, summarises the consolidated financial record of the Group for the four financial periods ended 31 December 2001.

	30 June 1999 (12 months) £'000	4 April 2000 (9 months) £'000	4 April 2001 (12 months) £'000	31 December 2001 (9 months) £'000
Turnover	—	—	95	79
Gross profit	—	—	34	79
Operating profit/(loss)	16	(11)	(315)	(289)
Profit/(loss) on ordinary activities before taxation	16	(10)	(234)	(263)
Net tangible assets	(7)	2,990	6,455	6,547
Net cash	1	3,127	769	1,064
Net tangible assets per share	(0.02)p	6.4p	12.3p	9.2p

As explained above, the intention of the Directors is to maximise the value of London & Boston by taking actions to increase the value of its investee companies. In the context of the market conditions prevailing during the period under review, the Directors regard the growth in the Company's net tangible assets per share as satisfactory.

DIVIDEND POLICY

The strategy of the Directors is to generate capital growth for the Company's Shareholders. They will recommend the payment of dividends only when it becomes commercially prudent to do so and then subject to the availability of distributable reserves and the retention of funds required to finance future growth.

REASONS FOR ADMISSION TO AIM

Whilst the Directors are aware that the Company has been well served by the facility and services rendered by OFEX and have a high opinion of such services and the whole concept of OFEX, they feel that as a result of the Company's progress to date it is now ready for the higher profile and discipline represented by the move to AIM. The Directors believe that the increased credibility of the admission to AIM of the Company's shares will enhance the Company's ability to make investments, acquisitions and generally improve the Company's commercial opportunities.

DIRECTORS

Stephen Komlósy, Executive Chairman (aged 61)

Stephen Komlósy has over 40 years' experience in business as a proprietor and recently was instrumental in the re-floatation of both PremiSys Plc and Netcentric Systems Plc on AIM. He has been a director of a number of public companies over the years including: Branon Plc, a quoted industrial holding company, which he co-founded, operating in the supply of equipment to the oil business and manufacturing for the Ministry of Defence; LPO, a West End theatre and property owner; Pavilion Leisure Plc and the Laurie Marsh Group of Companies, a property and cinema group, which he was instrumental in floating. Additionally, since 1964 he has built up three private property companies, two of which were amalgamated with public companies. He is a director of a number of public companies operating both in the UK and the USA including Avatar, Harrell, Croma, Energy Technique, Airow plc and is now Chairman of Netcentric. Stephen Komlósy is a member of MENSA.

Geoffrey Dart, Executive Deputy Chairman (aged 54)

Geoffrey Dart has been a merchant banker for the past 25 years. Mr Dart has extensive international merchant banking experience and has been involved in many mergers and acquisitions in the international market place, focusing on Europe and America.

In the UK he is chairman of Energy Technique, a company with its share capital listed on the London Stock Exchange, which specialises in air conditioning and heating systems and he is also chairman of Airow plc. He is also chairman of First Merchant Capital Limited, a financial services company, and a director of GRO Properties, Fulltime Select Ltd, Apsley Estates Ltd, Mortgage Advisors Ltd.

In the US Mr Dart is the chairman of Harrell., a company specialising in the development and management of hotels, and is also a director of Avatar, a company specialising in supplying oil industry accounting technology. Both companies are on the NASD bulletin board in the USA.

Mr Dart brings a wealth of knowledge in mergers and acquisitions to the Company.

John May, FCA, Finance Director (aged 53)

John May is a Fellow of the Institute of Chartered Accountants. He is a director of the Small Business Bureau Limited, with responsibility for policy matters. This company lobbies Government on business matters affecting small and medium sized enterprises. He is also the principal of his own London-based chartered accountancy practice specializing in small and medium size enterprises. He was previously finance director of Interactivity plc and is the finance director of Netcentric, both of whose shares are traded on AIM.

Mr May was formerly a senior partner with Clark Whitehill for 17 years, serving for eight years on its managing board and for nine years as chairman of its Thames Valley offices. In his capacity as UK national marketing partner and head of its property consultancy arm, he was also a director of its UK and International Associations.

Peter Cotgrove, FCA, Non-Executive Director (aged 55)

Peter Cotgrove is a Fellow of the Institute of Chartered Accountants and has been involved in the City throughout his career, principally involved in investment management and stockbroking. He is currently a consultant to the Financial Services Group at RSM Robson Rhodes. He was a formerly a Director of this group which provides a variety of services to the investment management and broking community, initiating certain elements of its practice. He is also a consultant to a publishing and research company amongst others. He is a non-executive director of Integrated Financial Arrangements plc which he helped to bring to the London capital markets. He has been a Vice President of PaineWebber International Limited and a director of AIB Govett Investment Management Limited, as well as a number of companies then within the S G Warburg Group. He has also been a director of several investment companies, including chairing the listed Realisation Company plc. Peter Cotgrove has recently been appointed to the board of Airow plc.

Edward Adams, BA, MA, ASIP, Non-Executive Director (aged 42)

Edward Adams spent the first ten years of his career working in the City as a fund manager at Touche Remnant & Co of a £100m quoted property investment trust and subsequently as a corporate financier and research director at the continental European stock-broking group Carnegie International. Since 1992 he has been an active successful investor in a number of private and public companies. In the public sector he has been an executive director and investor in the computer games development company Rage Software Plc (1993-1996), which he created from the "shell" company BCE Holdings Plc, raising £11 million, and a director of the media investment company Medi@invest Plc since 1998, the shares of both of which are traded on AIM. He is also a director and major shareholder in a number of private companies operating in hotels, property, consumer electronics and the music industry.

Further information concerning the Directors is set out in paragraphs 4 and 5 of Part IV of this document.

CORPORATE GOVERNANCE

The Directors recognise the value of the Principles of Good Governance and the Code of Best Practice prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel published in June 1998 ("the Combined Code"). The Company intends to comply with the Combined Code so far as is practicable and appropriate for a public company of its size.

The Board has established an audit committee and a remuneration committee. The audit committee is chaired by John May and its other members are Edward Adams and Peter Cotgrove. The remuneration committee is chaired by John May and its other members are Peter Cotgrove and Edward Adams. Both have formally delegated duties and responsibilities.

The audit committee will examine any matters relating to the financial affairs of the Company including reviews of the annual and interim accounts, announcements, internal control procedures and accounting policies.

The remuneration committee will review the performance of the executive directors, consider and approve all Board and senior executive appointments, remuneration and benefits including share options and service contracts.

The Company has established a committee, chaired by Stephen Komlósy and John May alternately and its other members being Peter Cotgrove and Edward Adams, to consider all transactions which might give rise to a conflict of interest between any of the Company, the Directors and the companies in which the Company has invested.

The Board reviews the level of fees paid to non-executive Directors.

RISK FACTORS

Potential investors should carefully consider the risks described below before making a decision to invest in the Company.

An investment in securities traded on AIM may be less liquid and carry a higher risk than an investment in securities listed on the Official List of the UK Listing Authority.

The Board anticipates intense competition from numerous entities seeking to invest in suitable opportunities. The Board may be unable to identify suitable opportunities or negotiate and invest in suitable opportunities on appropriate terms.

The Company will often have a minority interest in the companies in which it invests, possibly without any contractual safeguards in respect of management and operational matters. The businesses in which the Company invests or to which it provides finance may be placed in administration, receivership or liquidation, and the whole investment may be lost.

Any investment in technology related businesses, including IT and telecommunications, involves special risk because these sectors are subject to rapid technological changes and development. Such businesses are exposed to a high degree of risk in that their products or services may quickly become obsolete. Also, increasing competition, rapidly changing markets, frequent mergers or acquisitions of technology companies and changes in strategic alliances amongst such businesses, may have a significant effect on the financial condition of such businesses.

The investment policy of the Company is to invest in shares of smaller companies. These may be difficult to realise. The market's perception of the potential and thus the value of such businesses may change and the value of investments made by the Company may fluctuate with a consequential impact on the share price performance of the Company.

The Company has a small management team and the loss of a key individual could adversely affect the Company's business.

The risk factors listed above do not necessarily comprise all those associated with an investment in the Company. Potential investors are accordingly advised to consult an investment professional authorised under the Financial Services and Markets Act 2000.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Ordinary Shares and the A Warrants have been admitted to CREST. Accordingly, settlement of transactions in the Ordinary Shares and the A Warrants may take place within the CREST system if the relevant holders so wish.

CREST is a voluntary system and holders of Ordinary Shares and/or A Warrants who wish to receive and retain certificates will be able to do so.

PART III
ACCOUNTANTS' REPORT

MILSTED LANGDON
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Also at **YEOVIL**

10 April 2002

The Directors
London & Boston Investments plc
Winchester House
Deane Gate Avenue
Taunton
Somerset
TA1 2UH

Matrix Corporate Finance
Matrix Securities Limited
Gossard House
7 – 8 Savile Row
London
W1S 3PE

Dear Sirs

LONDON & BOSTON INVESTMENTS PLC

London & Boston Investments plc ("the Company") was incorporated and registered in England and Wales on 12 March 1996 as a public limited company under the name of Moneyadvance Public Limited Company. On 6 June 1996 the Company changed its name to Cybertec Holdings plc. On 28 September 2001 the Company changed its name to London & Boston Investments plc.

We report on the financial information of the Company set out below. This financial information has been prepared for inclusion in the Prospectus dated 10 April 2002 of the Company.

Basis of Preparation

The financial information set out below is based on the audited consolidated financial statements of the Company for the period from 1 July 1998 to 31 December 2001 ("the financial statements"), for which the following adjustment was considered necessary:

In the year ended 30 June 1999, the company had just two subsidiary undertakings, Cybertec Limited, which went into liquidation in May 1998 and Cybertec Systems Limited which was struck off the Company Register on 15 June 1999. By virtue of their cessation of trade prior to the commencement of the period and their imminent removal from the Company Register, the subsidiaries have been excluded from the financial information below. Accordingly the financial information for the year ended 30 June 1999 relates to the holding company only.

Responsibility

The financial statements are the responsibility of the Directors of the Company who approved their issue.

The Directors of the Company are responsible for the contents of the Prospectus dated 10 April 2002 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the financial statements underlying the financial information.

It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material mis-statement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information set out below gives, for the purposes of the Prospectus dated 10 April 2002, a true and fair view of the state of affairs of the Company as at the dates stated and of its profits/(losses), cash flows and recognised gains and losses for the periods then ended.

We consent to the inclusion of this report in the Prospectus dated 10 April 2002 and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Yours faithfully

MILSTED LANGDON
Chartered Accountants and Registered Auditors
Taunton

FINANCIAL INFORMATION RELATING TO LONDON & BOSTON INVESTMENTS PLC

Set out below is summarised financial information relating to London & Boston Investments plc "the Company" (formerly Cybertec Holdings plc). The information has been extracted without material adjustment from the Company's audited consolidated accounts for the four periods ended 31 December 2001 and does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the Company for the three periods ended 4 April 2001 have been delivered to the Registrar of Companies. The auditors of the Company for the three periods ended 4 April 2001, Milsted Langdon, Taunton, have reported on the statutory accounts for those financial periods; those reports were unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

The financial information relating to the Company has been prepared in accordance with generally accepted accounting practice.

GROUP PROFIT AND LOSS ACCOUNTS

		Year ended 30 June 1999	Period ended 4 April 2000	Year ended 4 April 2001	Period ended 31 December 2001
	Notes	£	£	£	£
TURNOVER		—	—	95,079	79,397
Cost of sales		—	—	(61,079)	—
GROSS PROFIT		—	—	34,000	79,397
Administrative expenses		(4,500)	(11,291)	(249,442)	(368,266)
Exceptional items	2	20,980	—	(100,000)	—
OPERATING (LOSS)/PROFIT	3	16,480	(11,291)	(315,442)	(288,869)
Interest payable	6	—	(38)	(4,820)	(3,398)
Interest receivable	7	—	1,028	86,517	29,055
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		16,480	(10,301)	(233,745)	(263,212)
Taxation	8	—	(247)	—	—
RETAINED (LOSS)/PROFIT		16,480	(10,548)	(233,745)	(263,212)
BASIC LOSS PER SHARE	10	nil	(0.225)p	(0.489)p	(0.474)p
DILUTED LOSS PER SHARE	10	nil	nil	(0.519)p	(0.522)p

The operating activities shown above are entirely in respect of continuing operations. The results of the acquisitions in the period ended 31 December 2001 are not considered material and therefore have not been disclosed separately as required by Financial Reporting Standard 3.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Year ended 30 June 1999	Period ended 4 April 2000	Year ended 4 April 2001	Period ended 31 December 2001
	£	£	£	£
Profit/(loss) for the period	16,480	(10,548)	(233,745)	(263,212)
Unrealised surplus/(deficit) on revaluation of investments	—	—	3,042,476	(1,064,250)
	16,480	(10,548)	2,808,731	(1,327,462)

GROUP BALANCE SHEETS

	Notes	30 June 1999 £	4 April 2000 £	4 April 2001 £	31 December 2001 £
FIXED ASSETS					
Tangible assets	11	—	31,572	56,134	38,491
Investments	12	—	—	5,078,074	4,668,265
Investment properties	13	—	—	—	130,000
		<u>—</u>	<u>31,572</u>	<u>5,134,208</u>	<u>4,836,756</u>
CURRENT ASSETS					
Stocks	15	—	—	511,156	539,447
Debtors	16	2,427	172,313	115,225	704,765
Cash at bank and in hand		554	3,126,930	1,032,066	1,323,962
		<u>2,981</u>	<u>3,299,243</u>	<u>1,658,447</u>	<u>2,568,174</u>
CREDITORS: amounts falling due within one year	17	<u>(10,154)</u>	<u>(341,287)</u>	<u>(311,306)</u>	<u>(685,939)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(7,173)</u>	<u>2,957,956</u>	<u>1,347,141</u>	<u>1,882,235</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(7,173)</u>	<u>2,989,528</u>	<u>6,481,349</u>	<u>6,718,991</u>
CREDITORS: amounts falling due after more than one year	18	<u>—</u>	<u>—</u>	<u>(26,390)</u>	<u>(171,946)</u>
NET ASSETS/(LIABILITIES)		<u>(7,173)</u>	<u>2,989,528</u>	<u>6,454,959</u>	<u>6,547,045</u>
Represented by:					
CAPITAL AND RESERVES					
Called up share capital	19	354,000	1,223,006	1,051,146	1,431,668
Share premium account	22	726,059	2,864,302	2,683,603	3,722,629
Revaluation reserve	22	—	—	3,042,476	1,978,226
Profit and loss account	22	<u>(1,087,232)</u>	<u>(1,097,780)</u>	<u>(322,266)</u>	<u>(585,478)</u>
SHAREHOLDERS' FUNDS	23	<u>(7,173)</u>	<u>2,989,528</u>	<u>6,454,959</u>	<u>6,547,045</u>

GROUP CASH FLOW STATEMENTS

	Notes	Year ended 30 June 1999 £	Period ended 4 April 2000 £	Year ended 4 April 2001 £	Period ended 31 December 2001 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(ii)	(10,107)	(169,369)	(634,067)	(329,845)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Bank interest received		—	1,028	86,517	29,055
Bank interest paid		—	—	(50)	(39)
Interest on overdue tax		—	(38)	(82)	—
Interest element of hire purchase payments		—	—	(4,688)	(3,359)
		—	990	81,697	25,657
TAX PAID		—	(247)	—	—
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible assets		—	(31,572)	(5,205)	(9,356)
Payment to acquire subsidiary undertakings		—	(2)	—	(178,695)
Cash acquired in subsidiary undertakings at acquisition		—	—	—	1,025,357
Payments to acquire investments		—	—	(1,680,097)	(451,415)
Loans to a subsidiary undertaking		1,155	—	—	—
Loans to Merchant Kapital Holding A/S		—	—	—	(21,026)
		1,155	(31,574)	(1,685,302)	364,865
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		(8,952)	(200,200)	(2,237,672)	60,677
MANAGEMENT OF LIQUID RESOURCES					
Increase in cash deposits treated as liquid resources		—	—	(64,207)	(432,642)
FINANCING					
Issue of share capital		9,500	3,361,331	204,399	200
Cost of issuing shares		—	(34,755)	(323,025)	—
Capital element of hire purchase contracts		—	—	(1,505)	(2,764)
Net inflow in respect of loans		—	—	262,102	234,620
		9,500	3,326,576	141,971	232,056
INCREASE/(DECREASE) IN CASH FOR THE PERIOD		548	3,126,376	(2,159,908)	(139,909)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Notes	Year ended 30 June 1999 £	Period ended 4 April 2000 £	Year ended 4 April 2001 £	Period ended 31 December 2001 £
Increase/(decrease) in cash for the period		548	3,126,376	(2,159,908)	(139,909)
New hire purchase		—	—	(31,860)	—
New bank loan		—	—	(262,102)	1,630
Decrease in finance leases		—	—	1,505	2,764
Increase in liquid resources		—	—	64,207	432,642
Movement in net funds		548	3,126,376	(2,388,158)	297,127
Net funds at beginning of period	(ii)	6	554	3,126,930	738,772
Net funds at end of period	(iii)	554	3,126,930	738,772	1,035,899

NOTES TO THE CASH FLOW STATEMENTS

(i) RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Year ended 30 June 1999 £	Period ended 4 April 2000 £	Year ended 4 April 2001 £	Period ended 31 December 2001 £
Operating profit/(loss)	16,480	(11,291)	(315,442)	(288,869)
Depreciation	—	—	12,503	27,895
Amortisation of goodwill	—	—	—	(45,908)
Decrease/(increase) in debtors	847	(165,884)	53,088	(16,516)
(Decrease)/increase in creditors	(26,279)	7,806	26,940	21,844
Increase in work in progress	—	—	(511,156)	(28,291)
Impairment in the value of investments	—	—	100,000	—
Amounts written back on fixed asset investments	(1,155)	—	—	—
Net cash outflow from operating activities	(10,107)	(169,369)	(634,067)	(329,845)

(ii) ANALYSIS OF NET FUNDS

	At 5 April 2001 £	Cash flow £	At 31 December 2001 £
Cash at bank and in hand	1,032,066	291,896	1,323,962
Less deposits treated as liquid resources	(64,207)	(432,642)	(496,849)
Bank overdraft	(837)	837	—
Net cash flow	967,022	(139,909)	827,113
Short term deposits	64,207	432,642	496,849
Short term bank loan	(262,102)	1,630	(260,472)
Hire purchase	(30,355)	2,764	(27,591)
	<u>738,772</u>	<u>297,127</u>	<u>1,035,899</u>

	At 5 April 2000 £	Cash flow £	At 4 April 2001 £
Cash at bank and in hand	<u>3,126,930</u>	<u>(2,094,864)</u>	<u>1,032,066</u>

	At 1 July 1999 £	Cash flow £	At 4 April 2000 £
Cash at bank and in hand	<u>554</u>	<u>3,126,376</u>	<u>3,126,930</u>

	At 1 July 1998 £	Cash flow £	At 30 June 1999 £
Cash at bank and in hand	<u>6</u>	<u>548</u>	<u>554</u>

(iii) MAJOR NON CASH TRANSACTIONS

During the period to 31 December 2001, the Company carried out the following transactions which were settled by non cash transactions:

The acquisition of shares in the fixed asset investment Energy Technique plc were financed in part by the issue of 1,820,000 Ordinary 2p shares in the Company.

The acquisition of the entire share capital of GRO Properties plc was financed via the issue of 2,204,080 Ordinary 2p shares in the Company (see note 14).

The acquisition of the entire share capital of 1st Mortgage Company Ltd was financed in part by the issue of 15,000,000 Ordinary 2p shares in the Company (see note 14).

During the year to 4 April 2001, the Company carried out the following transactions which were settled by non cash transactions:

The Company entered into hire purchase arrangements in respect of assets with a total capital value at the inception of the lease of £31,860.

The Company issued shares for a consideration of £656,700 as detailed in note 19 of which £455,000 was settled by non cash transactions.

The issue of 200,000 shares to Merchant Capital Holdings Limited was settled by a set off of £20,000 costs incurred relating to the investment in Avatar Systems Inc.

The issue of 4,355,000 shares to Merchant Capital Holdings Limited was settled by a set off of 842,000 \$0.02 Common Stock in Harrell Hospitality Group Inc.

The deferred shares of £283,200 were written off against the share premium account and £1,009,259 of the accumulated losses were written off against the share premium account as approved by the High Court on the 23 June 2000.

NOTES TO THE FINANCIAL INFORMATION

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of certain investments in accordance with applicable accounting standards in the United Kingdom.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Group's financial statements.

a) *Consolidation*

The consolidated financial statements for the period ended 31 December 2001 include those of the Company and its subsidiaries.

The consolidated financial statements for the year ended 4 April 2001 and 4 April 2000 include those of the Company and its subsidiary undertaking Albion Plaza Limited. Albion Plaza Limited was incorporated on 15 November 1999 and acquired by the Company on 21 February 2000. Accordingly, no audited financial statements are available for the period ended 4 April 2000 and the consolidation has been calculated based on the audited accounts of the Company and the interim unaudited accounts of Albion Plaza Limited for the period ended 4 April 2000.

The Company has excluded its subsidiary Cybertec Limited from the Group consolidated financial statements for the year ended 30 June 1999. Cybertec Limited ceased trading and was placed into liquidation during the year ended 30 June 1998 by the Board of Directors serving at that time all of whom resigned prior to the current Board being appointed. Cybertec Limited was dissolved on 29 February 2000 and has been excluded from consolidation due to severe restriction of control.

Under Section 230 of the Companies Act 1985 the Company is exempt from the requirement to present its own profit & loss account.

b) *Turnover*

Turnover represents amounts charged in respect of consultancy services, rents receivable and amounts recoverable on contracts. Turnover excludes VAT, discount and intra-group transactions.

c) *Depreciation*

Depreciation is provided to write off the cost less estimated residual value (based on prices prevailing at the date of acquisition) in annual instalments over the estimated useful economic lives of the assets. The depreciation rates used are as follows:

Motor vehicles	20% straight line
Fixtures, fittings and equipment	15% straight line
Computer equipment	33.3% straight line

d) *Investments*

Investments held as fixed assets are stated at market value at the balance sheet date and are stated at mid market price as quoted on the relevant stock market or matching facility. Where the directors consider that the market for an investment is not liquid, or that price fluctuations within the market deem the current market value inappropriate, the investment is listed at the mid market price with an appropriate adjustment to reflect these perceptions.

The aggregate surplus arising on the revaluation of an investment where there is a facility for the disposal of shares is transferred to the revaluation reserve. Any deficit arising on revaluation which is deemed to represent an impairment in value is charged to the profit and loss unless it related to an investment whose value had been increased in a previous period in which case the deficit is netted off against that investment's revaluation reserve before any excess is charged to the profit and loss account.

Any realised gain or loss resulting from the disposal of an investment is recognised in the profit and loss account after charging the amount of any revaluation previously shown in the revaluation reserve.

e) *Investment properties*

In accordance with the requirements of Statement of Standard Accounting Practice 19, investment properties owned by the Group are stated at their open market value at the balance sheet date and any aggregate surplus or deficit is transferred to the revaluation reserve. The investment properties are not subject to periodic charges for depreciation. The Companies Act 1985 would normally require such assets to be depreciated over their useful economic life. However, in the opinion of the directors this would not show a true and fair view of the value of the assets at the balance sheet date.

If this departure from the Act had not been made, the profit for the financial period would have been reduced by depreciation on the properties concerned. However, the directors believe that the residual value of the properties concerned is greater than the historical costs and that therefore the depreciation charge for the group would have been nil.

Rental income on investment properties is credited to the profit and loss account on a straight line basis over the term of the lease.

(f) *Mortgage Loans to Customers*

Mortgage loans to customers, relating to the activities of 1st Mortgage Company Limited, a subsidiary undertaking, are recorded within current assets, as debtors.

(g) *Financial instruments*

Financial instruments are accounted for and classified as equity or non-equity share capital and debt according to their form. Convertible debt is separately disclosed and regarded as debt unless conversion actually occurs.

(h) *Leasing*

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

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

(i) *Long term contracts*

Amounts recoverable on long term contracts, which are included in debtors are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account.

(j) *Foreign currency transactions*

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the transaction date.

(k) *Deferred tax*

Provision is made for deferred tax using the liability method to take account of the timing differences between the incidence of income and expenditure for taxation and accounting purposes.

No provision is made for deferred tax on the unrealised appreciation of investments.

(l) *Acquisition of subsidiaries*

All acquisitions have been accounted for under the acquisition method of accounting. Positive/negative goodwill arising on the acquisition of subsidiaries has been amortised in the financial statements of the period of acquisition.

(m) *Liquid resources*

Liquid resources are defined as short term bank deposits and cash in hand.

2. EXCEPTIONAL ITEMS

	Year ended 30 June 1999 £	Period ended 4 April 2000 £	Year ended 4 April 2001 £	Period ended 31 December 2001 £
Exceptional items are made up as follows:				
Write back of expenses previously charged	19,825	—	—	—
Amounts written back on fixed asset investments	1,155	—	—	—
Impairment of investments	—	—	(100,000)	—
	<u>20,980</u>	<u>—</u>	<u>(100,000)</u>	<u>—</u>

3. OPERATING (LOSS)/PROFIT

	Year ended 30 June 1999 £	Period ended 4 April 2000 £	Year ended 4 April 2001 £	Period ended 31 December 2001 £
Operating (loss)/profit is stated after charging/(crediting):				
Auditors' remuneration – audit	1,500	5,000	9,700	12,636
– other services	–	23,923	–	21,846
Depreciation	–	–	12,503	27,895
Amounts written back on fixed asset investments	(1,555)	–	–	–
Exceptional item – impairment of investments	–	–	100,000	–
Amortisation of goodwill	–	–	–	(45,908)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4. STAFF COSTS

	Year ended 30 June 1999 £	Period ended 4 April 2000 £	Year ended 4 April 2001 £	Period ended 31 December 2001 £
Staff costs are made up as follows:				
Wages and salaries	–	625	57,832	75,059
Social security costs	–	–	5,254	7,837
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	–	625	63,086	82,896
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The average number of persons employed by the Company including directors was:

	Number	Number	Number	Number
Management	2	2	3	3
Administration	–	–	1	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2	2	4	5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. DIRECTORS' REMUNERATION

	Year ended 30 June 1999 £	Period ended 4 April 2000 £	Year ended 4 April 2001 £	Period ended 31 December 2001 £
Aggregate emoluments:				
Salary	–	–	35,000	46,600
Benefits	–	–	–	9,764
Consultancy	–	–	12,500	30,417
Fees paid to third parties connected to the directors for consultancy	–	4,158	45,000	54,928
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	–	4,158	92,500	141,709
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

No directors received any remuneration relating to pension contributions.

6. INTEREST PAYABLE

	Year ended 30 June 1999 £	Period ended 4 April 2000 £	Year ended 4 April 2001 £	Period ended 31 December 2001 £
Bank interest	–	–	50	39
Hire purchase interest	–	–	4,688	3,359
Interest on overdue tax	–	38	82	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	–	38	4,820	3,398
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loan interest included in work in progress	–	–	24,566	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. INTEREST RECEIVABLE

	Year ended 30 June 1999 £	Period ended 4 April 2000 £	Year ended 4 April 2001 £	Period ended 31 December 2001 £
Bank interest	—	1,028	86,517	29,055

8. TAXATION

	Year ended 30 June 1999 £	Period ended 4 April 2000 £	Year ended 4 April 2001 £	Period ended 31 December 2001 £
Prior year UK corporation tax at 21%	—	247	—	—

9. (LOSS)/PROFIT OF PARENT COMPANY

	Year ended 30 June 1999 £	Period ended 4 April 2000 £	Year ended 4 April 2001 £	Period ended 31 December 2001 £
(Loss)/profit on ordinary activities after taxation	16,478	(10,548)	(247,027)	(290,810)

10. LOSS PER SHARE**Period ended 31 December 2001**

The calculation of basic loss per Ordinary share is based on the Group loss of £263,212 for the period and the weighted average number of shares in issue during the period of 55,504,981.

The calculation of diluted loss per Ordinary share is based on the Group loss of £263,212 for the period and the diluted weighted average number of shares in issue during the period of 50,435,332.

Year ended 4 April 2001

The calculation of basic loss per Ordinary share is based on the Group loss of £233,745 for the year and the weighted average number of shares in issue during the period of 47,787,848.

The calculation of diluted loss per Ordinary share is based on the Group loss of £233,745 for the year and the diluted weighted average number of shares in issue during the period of 45,010,618.

Period ended 4 April 2000 and year ended 30 June 1999

The calculation of basic (loss)/earnings per Ordinary share is based on the Company loss of £10,548 (1999: profit £16,480) for the period/year and the weighted average number of shares in issue during the period of 4,693,384 (1999: 3,539,990). The weighted average number of shares include an adjustment for the reorganisation of share capital, detailed at note 19, of the original 35,400,000 1 pence shares for both 2000 and 1999.

The share options and Warrants outstanding at 4 April 2000 do not have a dilutive effect.

11. TANGIBLE FIXED ASSETS

	Computer equipment £	Fixtures fittings and equipment £	Motor vehicles £	Total £
Cost				
Additions	1,572	—	30,000	31,572
At 4 April 2000	1,572	—	30,000	31,572
Additions	—	1,305	35,760	37,065
At 4 April 2001	1,572	1,305	65,760	68,637
Additions	3,854	6,171	227	10,252
At 31 December 2001	<u>5,426</u>	<u>7,476</u>	<u>65,987</u>	<u>78,889</u>
Depreciation				
At 5 April 2000	—	—	—	—
Charge for year	526	17	11,960	12,503
At 4 April 2001	526	17	11,960	12,503
Charge for period	1,010	382	26,503	27,895
At 31 December 2001	<u>1,536</u>	<u>399</u>	<u>38,463</u>	<u>40,398</u>
Net book values				
31 December 2001	3,890	7,077	27,524	38,491
4 April 2001	1,046	1,288	53,800	56,134
4 April 2000	<u>1,572</u>	<u>—</u>	<u>30,000</u>	<u>31,572</u>

Included in the above are assets held under finance leases or hire purchase contracts as follows:

	31 December 2001 Net book value £	31 December 2001 Depreciation £	4 April 2001 Net book value £	4 April 2001 Depreciation £
Motor vehicles	25,557	4,470	29,440	5,960

There were no assets held under finance leases or hire purchase contracts in the year ended 30 June 1999 or the period ended 4 April 2000.

12. OTHER FIXED ASSET INVESTMENTS

	Loan to Merchant Kapital Holding A/S £	Unlisted investments £	Listed investments £	Total £
Cost				
Additions	—	—	2,135,598	2,135,598
Revaluations	—	—	3,042,476	3,042,476
At 4 April 2001	—	—	5,178,074	5,178,074
Additions	21,026	514,587	118,828	654,441
Revaluations	—	385	(1,064,635)	(1,064,250)
At 31 December 2001	21,026	514,972	4,232,267	4,768,265
Provision for reduction in value				
Provision for year	—	—	100,000	100,000
At 4 April 2001 and 31 December 2001	—	—	100,000	100,000
Net book values				
At 31 December 2001	21,026	514,972	4,132,267	4,668,265
At 4 April 2001	—	—	5,078,074	5,078,074
At 4 April 2000	—	—	—	—

Details of investments:

Period to 31 December 2001

Name	Shares held	Average cost per share £	Cost £	Valuation 31 December 2001 £
1 Avatar Systems Inc. – stock	1,600,000	0.689	1,101,794	3,078,621
2 Harrell Hospitality Group Inc.	1,412,500	0.446	629,644	629,644
3 Croma Group plc	2,072,222	0.152	315,000	316,014
4 Neicentric Systems plc	23,000,000	0.006	146,644	46,644
5 Energy Technique plc	15,890,727	0.032	514,587	514,587
6 Merchant Kapital Holding A/S	300,000	0.204	61,344	61,344
7 Friends Provident plc	200	—	—	385
			2,769,013	4,647,239

Investment market values are quoted at the mid price value quoted on the following Stock Exchanges and matching facility unless stated otherwise:

- Avatar Systems Inc. is listed on NASD OTCBB, a matching facility. On 31 December 2001 the mid price quoted was \$3.10. The directors have considered the value of Avatar Systems Inc. shares and have made a reduction of 10% from this price to reflect the liquidity of the market in the company's shares. The exchange rate of \$1.45 to £1 as at 31 December 2001 has been used.

The Company holds the option to acquire a further 1,000,000 shares in Avatar Systems Inc. at a price of \$1.00. The options lapse on 10 July 2005. Any value that may be attributable to these options has not been included in the financial statements.

- Harrell Hospitality Group Inc. is listed on NASD OTCBB, a matching facility. On 31 December 2001 the mid price quoted was \$0.98. The directors have considered the value of Harrell Hospitality Group Inc. shares and have concluded that the valuation should reflect cost, rather than quoted price in order to reflect the liquidity of the market in the company's shares.

Stephen Komlósy, a director of the Company, holds an option, in trust for the Company, to acquire a further 250,000 shares of Harrell Hospitality Group Inc. at a price of \$1.25. Any value that may be attributable to these options has not been included in the financial statements.

- Croma Group plc is listed on the matching facility OFEX. On 31 December 2001 the mid price quoted was 15.3 pence.

- 4 Netcentric Systems plc is listed on AIM. On 31 December 2001 the mid price quoted was 0.53 pence. Due to the recent price fluctuations of these shares the directors have considered that a valuation based on written down value plus subsequent costs is a prudent valuation basis.
- 5 Energy Technique plc is listed on the London Stock Exchange. On 31 December 2001 the mid price quoted was 3 pence.
- Stephen Komlósy, a director of the Company, holds an option, in trust for the Company, to acquire a further 4% of the nominal issued share capital of Energy Technique plc at a price of 3p. Any value that may be attributable to these options has not been included in the financial statements.
- 6 The Company holds 300,000 shares, equating to 50% of the issued share capital of Merchant Kapital Holding A/S, an unlisted company, incorporated in Denmark. Each share has a nominal value of DKK 1. The directors have placed a value on this investment of £61,344 which reflects the cost of the shares and subsequent expenditure at 31 December 2001. Following the group's adoption of alternative accounting policies, Merchant Kapital Holding A/S is treated as a fixed asset investment due to the business of the company being that of providing capital, advice and guidance to other entities.
- 7 The Company holds 200 10p Ordinary shares in Friends Provident plc, a company listed on the London Stock Exchange. The directors have placed a value on this investment of £385.

Year ended 4 April 2001

Name	Shares held	Average cost per share £	Cost £	Market value 4 April 2001 £
1 Avatar Systems Inc – stock	1,600,000	0.689	1,101,794	4,019,520
2 Harrell Hospitality Group Inc.	1,394,000	0.447	623,804	671,221
3 Croma Group plc	1,933,333	0.150	290,000	367,333
4 Netcentric Systems plc	2,000,000	0.060	120,000	20,000
			<u>2,135,598</u>	<u>5,078,074</u>

Investment market values are quoted at the mid price value quoted on the following Stock Exchanges and matching facility unless otherwise stated:

- 1 Avatar Systems Inc. is listed on OTC 'Pink Sheets' a matching facility. On 4 April 2001 the latest transaction price was \$5.00. The directors have considered the value of Avatar Systems Inc. shares and have discounted the base market value to the first sale price past year end at \$4.00. A further reduction of 10% from this price has been made to reflect the liquidity of the market in the company's shares. The exchange rate of \$1.433 to £1 as at 4 April 2001 has been used.
- The Company holds the option to acquire a further 1,000,000 shares in Avatar Systems Inc. at a price of \$1.00. The options lapse on 10 July 2005. Any value that may be attributable to these options have not been included in the financial statements.
- 2 Harrell Hospitality Group Inc. is listed on NASD OTCBB a matching facility. On 4 April 2001 the mid price quoted was \$0.69. The exchange rate of \$1.433 to £1 as at 4 April 2001 has been used.
- 3 Croma Group plc is listed on the matching facility OFEX. On 4 April 2001 the mid price quoted was 19 pence.
- 4 Netcentric Systems plc is listed on AIM. On 4 April 2001 the mid price quoted was 3.5 pence. Events subsequent to the year end have indicated that a provision of £100,000 should be made against this investment.

13. INVESTMENT PROPERTIES

Cost	Investment Property £
Additions	130,000
At 31 December 2001	<u>130,000</u>
Net book value	
31 December 2001	<u>130,000</u>

The Company's investment properties have been valued by Brasier Harris on 6 July 2001 at the open market value for the existing use at that time. The comparable amount of these freehold properties under the historical cost accounting convention was £102,075.

14. SUBSIDIARY UNDERTAKINGS

Period to 31 December 2001

The Company holds 100% of the share capital and voting rights of the following companies:

Name of subsidiary	Nominal value of issued ordinary capital £	Date acquired £	Principal activity £
Held directly			
Albion Plaza Limited	2	21 February 2000	Property development
GRO Properties plc	110,204	24 August 2001	Ground rent management
1st Mortgage Company Limited	1,600,000	19 December 2001	Mortgage provider
Cybertec Holdings Limited	1	4 October 2001	Dormant
Held indirectly			
Ground Rent Opportunities Limited			Ground rent management
London & Boston Investment Company plc			Dormant

Albion Plaza Limited, Cybertec Holdings Limited, GRO Properties plc and 1st Mortgage Company Limited are wholly owned subsidiaries of the Company. Ground Rent Opportunities Limited is a wholly owned subsidiary of GRO Properties plc. London & Boston Investment Company plc is a wholly owned subsidiary of Cybertec Holdings Limited.

GRO Properties plc

The acquisition of GRO Properties plc was completed on 24 August 2001. The total consideration payable was £196,882 which was satisfied in whole by non cash transactions.

The fair value on acquisition to the group was as follows:

	Book value of assets acquired £	Fair value to the group £
Tangible fixed assets	130,896	130,896
Cash at bank and in hand	74,341	74,341
Creditors	(8,326)	(8,326)
Net assets acquired	196,911	196,911
Goodwill		(29)
		<u>196,882</u>
Satisfied by:		
Issue of 2,204,080 shares at 8.5p in the Company (including costs of the acquisition of £9,535)		<u>196,882</u>

1st Mortgage Company Limited

The acquisition of 1st Mortgage Company Limited was completed on 19 December 2001. The consideration paid or payable is as follows:

- (i) an initial consideration of £100,000 cash.
- (ii) issue of 15,000,000 shares in the Company.
- (iii) further payments of £75,000 cash per annum for a period of three years, payable quarterly in arrears from the purchase date.

The fair value on acquisition to the group was as follows:

	Book value of assets acquired £	Fair value adjustments £	Fair value to the group £
Debtors	1,148,546	(575,522)	573,024
Cash at bank and in hand	951,016	—	951,016
Creditors	(34,000)	—	(34,000)
Net assets acquired	<u>2,065,562</u>	<u>(575,522)</u>	<u>1,490,040</u>
Goodwill			(45,879)
			<u>1,444,161</u>
Satisfied by:			
Issue of 15,000,000 shares at 7p in the Company			1,050,000
Cash (including costs of the acquisition of £69,161)			169,161
Deferred consideration			225,000
			<u>1,444,161</u>

The fair value adjustments relate to specific provisions made regarding the recoverability of mortgage loans at the date of acquisition.

1st Mortgage Company Limited and GRO Properties plc trading activities are not material to the Company, therefore no summarised profit and loss account or statement of total recognised gains and losses of the entities have been provided for the period in which acquisitions took place.

15. STOCKS

	30 June 1999 £	4 April 2000 £	4 April 2001 £	31 December 2001 £
Long term contracts	—	—	511,156	539,447

The long term contract is a property in Bristol held by Albion Plaza Limited.

16. DEBTORS

	30 June 1999 £	4 April 2000 £	4 April 2001 £	31 December 2001 £
Trade debtors	—	—	1,763	11,581
Amounts recoverable on long term contracts	—	—	81,079	81,079
VAT recoverable	2,427	1,807	20,382	25,219
Prepayments and accrued income	—	163,311	10,707	10,878
Called up share capital unpaid	—	4,000	—	—
Other debtors	—	3,195	1,294	17,762
Loans to customers	—	—	—	558,246
	<u>2,427</u>	<u>172,313</u>	<u>115,225</u>	<u>704,765</u>

The above debtors without exception fall due within one year.

17. CREDITORS: amounts falling due within one year

	30 June 1999	4 April 2000	4 April 2001	31 December 2001
	£	£	£	£
Trade creditors	6,654	219,833	9,550	49,374
Bank loan and overdraft	—	—	262,939	260,472
Accruals and deferred income	3,500	121,153	16,895	55,062
Hire purchase	—	—	3,965	5,645
Other creditors	—	301	1,425	311,261
Other taxes and social security	—	—	16,532	4,125
	<u>10,154</u>	<u>341,287</u>	<u>311,306</u>	<u>685,939</u>

The bank loan of £260,472 is secured by a first legal charge over the freehold property, 14 Portman Square, Bristol, and a floating charge over the assets of Albion Plaza Limited. S A Komlós, a director of the Company, has given a guarantee of up to £100,000 in respect of this loan.

18. CREDITORS: amounts falling due after more than one year

	30 June 1999	4 April 2000	4 April 2001	31 December 2001
	£	£	£	£
Other creditors	—	—	—	150,000
Hire purchase	—	—	26,390	21,946
	<u>—</u>	<u>—</u>	<u>26,390</u>	<u>171,946</u>

19. SHARE CAPITAL

	30 June 1999		4 April 2000	
	Number	£	Number	£
Authorised:				
Ordinary shares of 1p each	60,000,000	600,000	—	—
Ordinary shares of 2p each	—	—	80,000,000	1,600,000
Deferred shares of 1p each	—	—	28,320,020	283,200
	<u>60,000,000</u>	<u>600,000</u>	<u>108,320,020</u>	<u>1,883,200</u>
Allotted, called up and fully paid:				
Ordinary shares of 1p each	35,400,000	354,000	—	—
Ordinary shares of 2p each	—	—	46,990,290	939,806
Deferred shares of 1p each*	—	—	28,320,020	283,200
	<u>35,400,000</u>	<u>354,000</u>	<u>75,310,310</u>	<u>1,223,006</u>
	4 April 2001		31 December 2001	
	Number	£	Number	£
Authorised:				
Ordinary shares of 2p each	250,000,000	5,000,000	250,000,000	5,000,000
	<u>250,000,000</u>	<u>5,000,000</u>	<u>250,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid:				
Ordinary shares of 2p each	52,557,290	1,051,146	71,583,370	1,431,668
	<u>52,557,290</u>	<u>1,051,146</u>	<u>71,583,370</u>	<u>1,431,668</u>

Details for the period ended 31 December 2001:

On 27 April 2001, 2,000 ordinary shares of 2 pence were issued at a premium of 8 pence for a consideration of £200 following conversion of warrants.

On 14 June 2001, 1,820,000 ordinary shares of 2 pence were issued at a premium of 8 pence for a consideration of £182,000, in connection with the acquisition of shares in Energy Technique plc.

On 24 August 2001, 2,204,080 ordinary shares of 2 pence were issued at a premium of 6.5 pence for a consideration of £187,347, in connection with the acquisition of GRO Properties plc.

On 19 December 2001, 15,000,000 ordinary shares of 2 pence were issued at a premium of 5 pence for a consideration of £1,050,000, in connection with the acquisition of 1st Mortgage Company Limited.

Details for the year ended 4 April 2001:

*On 23 June 2000, the authorised and issued share capital were reduced by £283,200 from £1,883,200 to £1,600,000 by writing off all 28,320,020 deferred shares of 1 pence against the share premium account as approved by the High Court. Deferred shares had no rights over voting, distribution on a winding up and dividends, other than a vote at general meetings of the deferred shareholders.

On 24 July 2000, 200,000 Ordinary shares of 2 pence at a premium of 8 pence were issued for a consideration of £20,000.

On 5 September 2000, 1,000,000 Ordinary shares of 2 pence were issued at a premium of 18 pence for a consideration of £200,000.

On 21 October 2000, 7,000 Ordinary shares of 2 pence were issued at a premium of 8 pence for a consideration of £700 following conversion of Warrants.

On 22 October 2000, 5,000 Ordinary shares of 2 pence were issued at a premium of 8 pence for a consideration of £500 cash.

On 21 March 2001, the authorised share capital was increased from £1,600,000 to £5,000,000.

On 30 March 2001, 4,355,000 Ordinary shares of 2 pence were issued at a premium of 8 pence for a consideration of £435,500.

Details for the period ended 4 April 2000:

On 21 February 2000, for every 10 Ordinary shares of 1 pence held by each shareholder, 2 were consolidated into a new ordinary share of 2 pence and the remaining 8, together with any outstanding balance of each member's holding less than 10 ordinary shares of 1 pence, were converted into deferred shares of 1 pence each, in both cases having the rights set out in the amended articles of association reprinted following the EGM of the Company on 21 February 2000.

By resolution of the Company dated 21 February 2000 the nominal capital of the Company was increased by £1,283,200.20 beyond the registered capital of £600,000.

On 21 February 2000, 28,320,020 Deferred shares of 1 pence were issued as part of the consolidation above. Deferred shares have no rights over voting, distribution on a winding up and dividends, other than a vote at general meetings of the Deferred shareholders.

On 21 February 2000, 3,539,990 Ordinary shares of 2 pence were issued as part of the consolidation above. Ordinary shares of 2 pence have full participation rights to distribution on a winding up, dividends and voting at meetings.

On 24 March 2000, 4,750,000 Ordinary shares of 2 pence were issued for a consideration of £95,000 representing the whole of the outstanding Convertible Loan Stock as detailed in note 21.

On 28 March 2000, 13,013,800 Ordinary shares of 2 pence were issued for a consideration of £1,301,380. In addition, in conjunction with the issue of these shares, 2,602,760 Warrants for Ordinary 2 pence shares were issued exercisable at 10 pence per Warrant prior to 31 March 2005. The Warrants are exercisable by giving written notice to the Company within the 3 week period following 31 March and 30 September in each year.

On 29 March 2000, 15,000,000 Ordinary shares of 2 pence were issued for a consideration of £1,500,000. In addition, in conjunction with the issue of these shares, 3,000,000 Warrants for Ordinary 2 pence shares were issued exercisable at 10 pence per Warrant prior to 31 March 2005. The Warrants are exercisable by giving written notice to the Company within the 3 week period following 31 March and 30 September in each year.

On 29 March 2000, 7,500,000 Ordinary shares of 2 pence were issued as part consideration for the property, 14 Portland Square, Bristol, being equivalent to £150,000.

On 4 April 2000, 3,186,500 Ordinary shares of 2 pence were issued for a consideration of £318,650. In addition in conjunction with the issue of these shares, 637,300 Warrants for Ordinary 2 pence shares were issued exercisable at 10 pence per Warrant prior to 31 March 2005. The Warrants are exercisable by giving written notice to the Company within the 3 week period following 31 March and 30 September in each year.

Details for the year ended 30 June 1999:

During the year the company allotted 950,000 ordinary 1 pence shares with an aggregate nominal value of £9,500 at par. The consideration received was for the payment of certain creditors up to £9,500.

20. SHARE OPTIONS

The Company has authority to grant options over up to 20% of the Ordinary shares in issue at any given time to its directors, consultants and employees as a means of motivating, retaining and/or rewarding those persons who by their efforts are most able to influence the performance and success of the Company's business. No options under this scheme have been issued other than to Matrix Corporate Finance Limited and Tularosa Investments Ltd as detailed below.

Options on Ordinary shares equal to 18% of the Company's Ordinary Shares in issue at the time of exercise from time to time have been issued during the period as follows:

Name	Shares under option as a percentage of issued Ordinary shares at the time of exercise	Exercise price per share
S A Komlósy	10.5%	10p
A J Lister	5.0%	10p
JJ May	2.5%	10p

A J Lister has subsequently left the company and his options have lapsed.

The main features of the options which were granted by resolution of the Board on 21 February 2000, are as follows:

An option will automatically lapse on the earliest of the following events:

- (a) the fifth anniversary of the date of grant of the option;
- (b) the option holder being adjudicated bankrupt;
- (c) the option holder (or the company through which his services are provided) committing a serious breach of the terms and conditions of his agreement with the Company, justifying summary termination of that agreement;
- (d) 90 days after the option holder's death;

In the event that the option holder ceases to be a director and/or employee of the Company other than under clauses c or d, he may retain the option to the extent of one third of the Shares covered until it lapses in the circumstances described above. The residue of the option in respect of the remaining two thirds of the Shares covered by the option shall be exercised in accordance with its terms within 30 days of the relevant event, failing which it shall lapse immediately.

If the Company issues further Ordinary shares, undertakes a capitalisation or rights issue, or any consolidation, sub-division or reduction of its Ordinary share capital, the number of Shares subject to any option and the acquisition price of those Shares is to be adjusted in such manner as the auditors of the Company determines so as to maintain the equivalent percentage and price of the options.

On 21 February 2000 the Company granted an option to subscribe for Ordinary shares to Matrix Corporate Finance Limited exercisable at any time before 21 February 2005, at a price of 10 pence per 2 pence Ordinary share over 2,349,515 Shares. Matrix Corporate Finance Limited provides financial advice to the Company.

On 22 February 2000 the Company granted an option to subscribe for Ordinary shares to Tularosa Investments Limited, up to the value of £10,000 exercisable at any time before 22 February 2005 at a price of 10 pence per 2 pence Ordinary share. Tularosa Investments Limited provides corporate public relations advice to the Company.

At 4 April 2001 the Company had in issue 6,233,060 Warrants for Ordinary shares of 2 pence exercisable at 10 pence per Warrant prior to 31 March 2005. The Warrants are exercisable by giving written notice to the Company within the 3 week period following 31 March and 30 September in each year. A J Lister, a director of the Company during the period, held 210,000 Warrants.

At 4 April 2001 7,000 Warrants had been exercised.

At 4 April 2001 no natural insurance had been provided on share options as, at the balance sheet date, the mid price as indicated on the OFEX matching facility of the shares was below the option price.

On 27 April 2001 2,000 Warrants were exercised.

Prior to 1998, the Company had operated and granted options in favour of former Board members under an Inland Revenue unapproved share option scheme. These options have now been lapsed following the termination of the employment of their holders.

On 6 June 1996, the Company granted an option to subscribe for Shares to St James's Partners Limited, exercisable at any time prior to 30 June 2001. This has now been surrendered in exchange for an Option Agreement dated 21 February 2000 and made between the Company and Matrix Corporate Finance Limited which creates an option, exercisable at any time before 21 February 2005, at a price of 10 pence per 2 pence Ordinary share over 2,349,515 Shares. Matrix Corporate Finance Limited provides financial advice to the Company.

At 4 April 2000 the Company had in issue 6,240,060 Warrants for Ordinary shares of 2 pence exercisable at 10 pence per Warrant prior to 31 March 2005. The Warrants are exercisable by giving written notice to the Company within the 3 week period following 31 March and 30 September in each year.

At 4 April 2000 no options or Warrants had been exercised.

21. CONVERTIBLE LOAN STOCK

On 28 January 2000, £95,000 nominal aggregate of the Convertible Loan Stock was issued to companies controlled by the Directors, or in which they held interests as follows:

Director	Company holding Convertible Loan Stock	£ nominal of Convertible Loan Stock
A J Lister	Rockbrook Holdings PLC	30,000
A J Lister	Alma Consultancy Services Limited	50,000
S A Komlósy	General Trading Corporation Limited	15,000

The Convertible Loan Stock, which was unsecured and bore no interest, could be converted by the Company or the holder of the loan notes into Ordinary shares at 2 pence per Share, prior to 1 February 2001, at any time after passing the resolutions proposed at the Extraordinary General Meeting held on 17 March 2000, provided that their exercise did not require any of the Note holders to make an offer pursuant to Rule 9 of the City Code on Takeovers & Mergers. Conversion in full occurred on 24 March 2000 and resulted in the issue of an additional 4,750,000 Ordinary shares.

22. RESERVES

	Profit & loss account £	Revaluation reserve £	Share premium account £
At 1 July 1998	(1,103,712)	—	726,059
Profit for the year	16,480	—	—
At 30 June 1999	(1,087,232)	—	726,059
Loss for the period	(10,548)	—	—
Arising on shares issued in the period	—	—	2,496,024
Issue expenses	—	—	(357,781)
At 4 April 2000	(1,097,780)	—	2,864,302
Loss for the year	(233,745)	—	—
Arising on shares issued in the year	—	—	545,360
Write off of deferred shares	—	—	283,200
Write off of previous losses	1,009,259	—	(1,009,259)
Revaluation on investments during the year	—	3,042,476	—
At 4 April 2001	(322,266)	3,042,476	2,683,603
Loss for the period	(263,212)	—	—
Arising on shares issued in the period	—	—	1,039,026
Revaluation on investments during the period	—	(1,064,250)	—
At 31 December 2001	(585,478)	1,978,226	3,722,629

On 23 June 2000 the High Court authorised the reduction in share capital by the writing off and cancellation of 28,320,020 deferred shares of 1 pence each and the write off of previous accumulated losses of £1,009,259.

23. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	£	£
At 1 July 1998		(33,153)
Profit for the year	16,480	
Issue of ordinary shares	9,500	
	<hr/>	
Increase in shareholders' funds		25,980
At 30 June 1999		(7,173)
Loss for the period	(10,548)	
Issue of ordinary shares	869,006	
Increase in share premium account	2,138,243	
	<hr/>	
Increase in shareholders' funds		2,996,701
At 4 April 2000		2,989,528
Loss for the year	(233,745)	
Issue of ordinary shares	111,340	
Decrease in share premium account	(180,699)	
Write off of previous losses	1,009,259	
Write off of deferred shares	(283,200)	
Revaluation on investments during the year	3,042,476	
	<hr/>	
Increase in shareholders' funds		3,465,431
At 4 April 2001		6,454,959
Loss for the period	(263,212)	
Issue of ordinary shares	380,522	
Increase in share premium account	1,039,026	
Revaluation on investments during the period	(1,064,250)	
	<hr/>	
Increase in shareholders' funds		92,086
At 31 December 2001		<hr/> <hr/> 6,547,045

24. FINANCIAL INSTRUMENTS

Short term debtors and creditors have been excluded from the following disclosures, all of which are denominated in sterling.

Interest rate risk profile of financial liabilities

At 31 December 2001 the Group had the following financial liabilities:

	30 June 1999 £	4 April 2000 £	4 April 2001 £	31 December 2001 £
Bank overdraft	—	—	837	—
	<hr/>	<hr/>	<hr/>	<hr/>
Loans				
	30 June 1999 £	4 April 2000 £	4 April 2001 £	31 December 2001 £
Repayable in one year or less or on demand	—	—	262,102	260,472
	<hr/>	<hr/>	<hr/>	<hr/>

The loan is secured, see note 17.

Net obligations under finance leases and hire purchase contracts

	30 June 1999 £	4 April 2000 £	4 April 2001 £	31 December 2001 £
Repayable within one year	—	—	3,965	5,645
Repayable between one and five years	—	—	26,390	21,946
	<hr/>	<hr/>	<hr/>	<hr/>
	—	—	30,355	27,591
	<hr/>	<hr/>	<hr/>	<hr/>

Interest rate risk profile of financial assets

	30 June 1999	4 April 2000	4 April 2001	31 December 2001
	£	£	£	£
Cash at bank	554	3,126,930	1,032,066	1,323,962

Cash at bank includes short term deposits which earn interest at floating rates based on bank deposit rates.

Borrowing facilities

The Group had a bank overdraft facility at 31 December 2001 of £nil (4 April 2001: £nil, 2000: £270,000 and 1999: £nil).

The Group has a bank loan facility of £255,000 which is repayable on demand. The facility is available until 31 March 2002 and bears interest at 3.5% over the bank base rate (subject to a minimum base rate of 5%).

Fair values of financial assets

The fair value is an amount at which a financial instrument could be exchanged in an arms length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest.

The fair value of cash deposits approximates to the carrying amount because of the short maturity of these instruments.

25. RELATED PARTY TRANSACTIONS

Details for the period ended 31 December 2001:

A J Lister a Director of the Company until 18 June 2001, was a director of Alma Consultancy Services Limited. The Company incurred costs with and purchased services for the sum of £15,989 for the period to 31 December 2001 from Alma Consultancy Services Limited. The outstanding amount due to Alma Consultancy Services Limited at 31 December 2001 was £400.

S A Komlósy a Director of the Company was a director of General Trading Corporation Limited during the period to 31 December 2001. During the period the Company incurred costs relating to office rental and administration from General Trading Corporation Limited for the sum of £53,346 for the period to 31 December 2001. S A Komlósy is the guarantor for the bank loan, see note 17.

G G Dart a Director of the Company, was a director of Apsley Estates Limited, and Glen Abbey Inc during the period ended 31 December 2001. During the period the Company incurred costs and purchased services for the sum of £91,003 from Apsley Estates Limited. This included the purchase of costs in establishing Merchant Kapital Holding A/S. The balance outstanding due to Apsley Estates Limited at 31 December 2001 was £9,535. A loan of £295,000 from 1st Mortgage Company Limited to Glen Abbey Inc is guaranteed by G G Dart.

Details for the year ended 4 April 2001:

A J Lister a director of the Company was a director of Alma Consultancy Services Limited during the year ended 4 April 2001. On 1 April 2000 the Company entered into a service agreement for £20,000 per annum with Alma Consultancy Services Limited for A J Lister to manage the Company's property interest.

During the period the Company incurred costs with and purchased services for the sum of £27,824 from Alma Consultancy Services Limited. The balance outstanding due to Alma Consultancy Services Limited at 4 April 2001 was £3,333.

S A Komlósy a Director of the Company was a director of General Trading Corporation Limited during the year ended 4 April 2001. During the year the Company incurred costs relating to office rental and administration from General Trading Corporation Limited for the sum of £30,382.

Details for the period ended 4 April 2000:

A J Lister a director of the Company was a director of Rockbrook Holdings plc and Alma Consultancy Services Limited during the period ended 4 April 2000. During the period the Company purchased vehicles for the sum of £30,000 from Rockbrook Holdings plc and services for the sum of £1,959 from Alma Consultancy Services Limited. The balance outstanding due to Alma Consultancy Services Limited at 4 April 2000 was £877. On 1 April 2000 the Company entered into a service agreement for £20,000 per annum with Alma Consultancy Services Limited for A J Lister to manage the Company's property interest.

S A Komlósy a Director of the Company was a director of General Trading Corporation Limited during the period ended 4 April 2000. During the period the Company incurred costs with and purchased services from General Trading Corporation Limited for the sum of £27,284. The Company also purchased £15,000 services from General Trading Corporation Limited which was settled by the way of the issue of £15,000 convertible Loan Stock. The balance outstanding due to General Trading Corporation Limited at 4 April 2000 was £10,280.

26. TRANSACTIONS WITH DIRECTORS

Details of the year ended 4 April 2001:

During the year S A Komlósý, a Director of the Company, had amounts outstanding due to the Company. The maximum balance due to the Company during the year was £5,871. The amount was repaid in full. The balance outstanding at the year ended was £nil.

27. CONTINGENT COMMITMENTS

At 31 December 2001, the Company had a contingent commitment to issue Ordinary shares at a price of 10p per share in consideration of the assignment to the Company of 90% by value of debts due by Netcentric Systems (Europe) Ltd of approximately £317,000. Netcentric Systems plc the holding company of Netcentric Systems (Europe) Ltd has guaranteed payment of the debt to the Company.

28. POST BALANCE SHEET EVENTS

1 Merchant Kapital Holding A/S

Since 31 December 2001, the Company has acquired a further 49.6% holding in Merchant Kapital Holding A/S, a company treated as a fixed asset investment, in the financial statements. This further acquisition has resulted in the Company holding 99.6% of the share capital of Merchant Kapital Holding A/S.

The consideration paid by the Company for this investment was £600,000 cash.

2 Airow plc

Since 31 December 2001, the Company has acquired 24.98% of the issued ordinary share capital of Airow plc for a cash consideration of £508,000, representing 29.92p per share.

In addition the Company paid introductory fees and costs of £111,000.

3 Cancellation of share options

On 15 January 2002, the board cancelled the options previously granted to S A Komlósý and JJ May on 21 February 2000.

4 Issue of Warrants

Warrants to subscribe for up to 20% of the issued Ordinary shares of the Company at the time of subscription were issued on 15 January 2002 as follows:

Name	Shares under warrant as a percentage of issued Ordinary shares at the time of exercise	Exercise price per share
S A Komlósý	10.5%	10p
G G Dart	7.0%	10p
JJ May	2.5%	10p

PART IV

ADDITIONAL INFORMATION

1. Responsibility

The Directors of London & Boston whose names appear on page 3 of this document are responsible for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- (a) The Company was incorporated and registered in England and Wales as a public company limited by shares on 12 March 1996 under the Act with the name Moneyadvance Public Limited Company and with registered number 03170812. On 6 June 1996 the Company changed its name to Cybertec Holdings plc and on 28 September 2001 to London & Boston Investments plc.
- (b) The liability of the members of the Company is limited.
- (c) The Company's registered office is at Winchester House, Deane Gate Avenue, Taunton, Somerset TA1 2UH.
- (d) The Company's principal place of business is at 133 Ebury Street, London SW1W 9QU.
- (e) The principal activity of the Company is that of an investment company.

3. Share Capital

- (a) The share capital history of the Company is as follows:–
 - (i) the Company was incorporated with an authorised share capital of £100,000 divided into 100,000 ordinary shares of £1 each. Two ordinary shares of £1 each were issued at par to the subscribers to the Company's Memorandum of Association. The £1 ordinary shares were subsequently sub-divided into a total of 10,000,000 ordinary shares of 1p each;
 - (ii) the authorised share capital was increased to £600,000, divided into 60,000,000 ordinary shares of 1p each on 6 June 1996. Under the terms of the agreement for the acquisition by the Company of the entire issued share capital of Cybertec Limited, the Company issued 22,499,800 ordinary shares of 1p each on 6 June 1996 and under an offer for subscription dated 10 June 1996, a further 7,500,000 ordinary shares of 1p each were issued;
 - (iii) further ordinary shares of 1p each were issued on 24 June 1997 (3,000,000) in February 1998 (1,450,000) and in September 1998 (950,000);
 - (iv) at an extraordinary general meeting of the Company held on 21 February 2000, the authorised and issued share capital of the Company was increased and reorganised so that it comprised £1,883,200.20 divided into 80,000,000 Ordinary Shares of 2p each (of which 3,539,990 were issued and credited as fully paid) and 28,320,020 Deferred Shares of 1p each (all of which were issued and credited as fully paid);
 - (v) on 28 January 2000, £95,000 nominal in aggregate of convertible unsecured loan stock was issued;
 - (vi) on 24 March 2000, 4,750,000 Ordinary Shares were issued for a consideration of £95,000 in respect of the conversion of the whole of the outstanding convertible unsecured loan stock;
 - (vii) on 28 March 2000, 13,013,800 Ordinary Shares were issued for a consideration of £1,301,380. In addition, in conjunction with the issue of these Ordinary Shares, 2,602,760 A Warrants were issued;
 - (viii) on 29 March 2000, 7,500,000 Ordinary Shares were issued for a consideration of £150,000, as part consideration for the Bristol Property;

- (ix) on 29 March 2000, 15,000,000 Ordinary Shares were issued for a consideration of £1,500,000. In addition, in conjunction with the issue of these Ordinary Shares, 3,000,000 A Warrants were issued;
 - (x) on 4 April 2000, 3,186,500 Ordinary Shares were issued for a consideration of £318,650. In addition, in conjunction with the issue of these Ordinary Shares 637,300 A Warrants were issued;
 - (xi) on 23 June 2000, the authorised and issued share capital were reduced by £283,200 from £1,883,200 to £1,600,000 by writing off all 28,320,020 Deferred Shares of 1p each against the share premium account as approved by the High Court;
 - (xii) on 24 July 2000, 200,000 Ordinary Shares were issued at 10p for a consideration of £20,000;
 - (xiii) on 5 September 2000, 1,000,000 Ordinary Shares were issued at 20p for a consideration of £200,000 in relation to the Company's investment in Croma Group plc;
 - (xiv) on 21 October 2000, 7,000 Ordinary Shares were issued at 10p for a consideration of £700 following exercise of the A Warrants;
 - (xv) on 22 October 2000, 5,000 Ordinary Shares were issued at 10p for a consideration of £500;
 - (xvi) on 21 March 2001, the authorised share capital was increased from £1,600,000 to £5,000,000;
 - (xvii) on 30 March 2001, 4,355,000 Ordinary Shares were issued at 10p for a consideration of £435,500 in relation to the Company's investment in Harrell Hospitality Group Inc;
 - (xviii) on 27 April 2001, 2,000 Ordinary Shares were issued at 10p for a consideration of £200 following the exercise of the A Warrants;
 - (xix) on 14 June 2001, 1,820,000 Ordinary Shares were issued at 10p for a consideration of £182,000 in connection with the Company's investment in Energy Technique plc;
 - (xx) on 24 August 2001, 2,204,080 Ordinary Shares at 8.5p per share were issued for a consideration of £187,347 as consideration for the acquisition of GRO Properties plc;
 - (xxi) on 19 December 2001, 15,000,000 Ordinary Shares were issued at 7p per share as part of the consideration for the acquisition of the whole of the issued share capital of 1st Mortgage Company Limited;
- (b) Resolutions were passed on 21 September 2001 whereby:
- (i) the Directors were authorised to allot relevant securities (such authority to expire on 20 September 2006) pursuant to section 80 of the Act up to a maximum amount of the nominal amount of the unissued share capital of the Company; and
 - (ii) the Directors were empowered (such power to expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 31 December 2002) to allot equity securities pursuant to the authority conferred upon them by paragraph (b) (i) above as if Section 89(1) of the Act did not apply to such allotment in connection with a rights issue to Shareholders; and otherwise up to an aggregate nominal amount of £3,912,300.
- (c) The Company has issued the A Warrants and the B Warrants. Details of the number of Ordinary Shares that would fall to be issued on the exercise thereof and the terms of the A Warrant Instrument and the B Warrant Instrument are set out in paragraph 9 below.

- (d) On 21 February 2000, the Company granted an option to Matrix exercisable at any time prior to 21 February 2005 to subscribe for 2,349,515 Ordinary Shares at an exercise price of 10p per Ordinary Share.
- (e) On 22 February 2000, the Company granted an option to Tularosa Limited exercisable at any time prior to 22 February 2005 to subscribe for Ordinary Shares to the value of £10,000 calculated at 10p per Ordinary Share.
- (f) The following table sets out the authorised and issued share capital of the Company at the date of this document:

	Authorised		Issued (fully paid)	
	Number	£	Number	£
Ordinary Shares of 2p each	250,000,000	5,000,000	71,583,370	1,431,668

- (g) On Admission the number of issued shares will be 74,199,278.
- (h) Save as disclosed herein, no share or loan capital of the Company is proposed to be issued or is under option or agreed conditionally or unconditionally to be put under option.

4. DIRECTORS

- (a) The interests of the Directors (all of which are beneficial unless otherwise stated) and their immediate families and the interests of persons connected with the Directors for the purposes of section 346 of the Act in the issued ordinary share capital of the Company as at 9 April 2002 (being the latest practicable date prior to the publication of this document) (i) which have been notified by each Director to the Company pursuant to sections 324 or 328 of the Act, or (ii) which are required to be entered in the register maintained under section 325 of the Act or (iii) are interests of a connected person of a Director which would, if that connected person were a Director, be required to be disclosed under (i) and (ii) above and the existence of which is known to that Director, are, and immediately following Admission will be, as follows:

	Number of Ordinary Shares	Percentage of issued Ordinary Share Capital	Number of Ordinary Shares following Admission
Stephen Komlósy*	3,660,000	5.11%	4,114,545
Geoffrey Dart	—	—	181,818
John May	—	—	—
Peter Cotgrove	—	—	—
Edward Adams**	—	—	363,636

* The interests of Stephen Komlósy are registered in the name of General Trading Corporation Limited and his own name.

** These shares will be held by a trust of which Edward Adams is the principal beneficiary.

- (b) Following Admission, the Directors will be beneficially entitled to the following B Warrants giving the right to subscribe for Ordinary Shares each representing up to 20% of the Company's ordinary share capital:

Name	% of Ordinary Shares at the time of exercise for which Director may subscribe	Exercise Price
Stephen Komlósy	10.5%	10p
Geoffrey Dart	7.0%	10p
John May	2.5%	10p

The terms of the B Warrants are summarised in paragraph 9(b) below.

- (c) Save as set out in paragraphs 4(a) and (b) above, none of the Directors, their immediate families and persons connected with them (within the meaning of section 346 of the Act) has, or will have following Admission, any interest beneficial or non-beneficial in the share capital of the Company or any of its subsidiaries.

- (d) There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of the Directors.
- (e) (i) Geoffrey Dart and Stephen Komlósy each hold an option to purchase up to 4% of the ordinary share capital of Energy Technique in issue at the time of exercise of the option, at an exercise price of 3p per share. These options are exercisable on or before 14th June 2006.
- (ii) Stephen Komlósy holds an option to purchase up to 250,000 shares of \$0.002 Class A Common Stock of Harrell at an initial per share purchase price of \$1.25 subject to adjustment within the option. This option is exercisable between 1 February 2003 and 1 February 2006.
- (iii) Stephen Komlósy holds 1000 shares of Common Stock of Avatar and an option to purchase up to 600,000 Common Stock in Avatar at \$1 per share exercisable on or before 10 July 2005.
- (iv) The options are held by Stephen Komlósy described in sub-paragraphs 4(e)(i) and 4(e)(ii) above are held in trust for the Company as summarised in paragraph 5(g) below;
- (f) By an agreement dated 23 February 1999 Mortgage Advisers Limited (a company in which Geoffrey Dart is interested as shareholder) was appointed as loan security advisor to 1st Mortgage Company Limited. Pursuant to this agreement Mortgage Advisers Limited contracted to provide advisory services in relation to the sourcing of bridging transactions and the undertaking of commercial and legal due diligence on the security offered to the 1st Mortgage Company Limited. Under this agreement a fee of 0.5 per cent per quarter of the valuation of the assets of 1st Mortgage Company Limited was payable. This agreement terminated upon completion of the Company's acquisition of 1st Mortgage Company Limited on 19 December 2001.
- (g) Geoffrey Dart is a director of Glen Abbey Inc. He has guaranteed a loan of £295,000 from 1st Mortgage Company Limited to Glen Abbey Inc. This loan had been in place for over 12 months before the acquisition of 1st Mortgage Company Limited by the Company.
- (h) Save as disclosed in this paragraph 4 and paragraphs 5(g) and (i), no Director has any interest, whether direct or indirect, in any transaction which is or was of an unusual nature or contains or contained unusual terms or is or was significant to the business of the Group taken as a whole and which was effected by the Group during the current or immediately preceding financial year or which was effected during any earlier financial year and which remains in any respect outstanding or unperformed.

5. DIRECTORSHIPS AND SERVICE AGREEMENTS

- (a) The current directorships and directorships held during the five years preceding the date of this document, other than of London & Boston, of each of the Directors are as follows:

Name	Current directorships	Past directorships
Stephen Komlósy	Avatar Systems Inc. Energy Technique plc Harrell Hospitality Group Inc. Support for Africa Croma Group plc Albion Plaza Limited General Trading Corporation Limited General Trading Europe Limited Cadogan Assets Limited Boulaye Entertainments Limited Netcentric Systems plc 1st Mortgage Company Limited GRO Properties plc Merchant Kapital Holding A/S Ground Rent Opportunities Limited SFA Enterprises Limited Airrow plc	SAK Investments Limited Boulaye Productions Limited Shell Records Limited Community Securities plc (renamed Medicals Direct Group plc) Community Assets Limited Community Properties Limited SAK Property Management Limited

Name	Current directorships	Past directorships
Geoffrey Dart	Avatar Systems Inc. Harrell Hospitality Group Inc. Schillingtons Inc. Glen Abbey Inc. First Merchant Capital Limited Mortgage Advisors Limited Fulltime-Select (Soccer) Limited Energy Technique plc Apsley Estates Limited Merchant Kapital Holding A/S GRO Properties plc Ground Rent Opportunities Limited Airow plc	Westminster & European Securities Limited Kobe Land Inc.
John May	The Small Business Bureau Limited The Genesis Initiative Limited Albion Plaza Limited Mssware Limited The Time Traveller Company Limited Creative Real Estate Asset Management Limited Netcentric Systems plc Denbrae Estates Limited Netcentric Solutions Limited Lemonas Limited Manx (Central) Limited Netcentric Limited Manx Properties (Bristol) Limited Lioncrest Properties Limited Netcentric Technology Limited	Stocken Stone & Partners Limited Options (London) Limited Options Human Resources Limited Aerodynamic Recycling Technology Corporation Limited Interactivity Group plc
Peter Cotgrove	Integrated Financial Arrangements plc PLGC Limited Airow plc	U-plex plc Govett Equity Trust Limited Cygnet Property Management plc Second Govett Properties plc Third Govett Properties plc Lake View Securities Limited Govett Enterprise Investments Limited Fourth Govett Properties plc Sanctuary Housing Property Company 5 Limited Sanctuary Housing Property Company 6 Limited Sanctuary Housing Property Company 7 Limited Govett Investments Limited Govett Investment Management Limited AIB Govett (Nominees) Limited Stockholders Investments Limited Wholesale Supply Services Limited Moneyguru Limited Transact Nominees Limited Moneyguru Group plc MG Research Limited Value Direct (Ipswich) Limited Rectory House Associates Limited Howard & Co (City) Limited U-plex Insurance Services Limited M G Capital Plc Fraudscope Limited

Name	Current directorships	Past directorships
Edward Barry Adams	Andromeda Interactive Limited Polurrian Hotel (Mullion) Limited Paravid Research Limited Berry Head Hotel Limited Monitor Audio Holdings Limited Monitor Audio Limited Andromeda Holdings Limited Andromeda Oxford Limited Medi @Invest Plc Pinwheel Limited Matrix Music Marketing Limited Life Magic Limited Paravid Properties Limited Hannafore Point Limited	Leafcross Limited Publishing Copyrights Limited Acoustic Engineering Limited Langley & Johnson Group Limited M.Q. Cabinets Limited

No Director has been a partner in a partnership at any time during the five years prior to the publication of this document. John May was a partner of Clark Whitehall accountants for 17 years until 1994.

- (b) No Director has any unspent convictions relating to indictable offences or has been declared bankrupt. Save as set out below, no director has made or been the subject of any individual voluntary arrangement.
- (c) Save as set out below, none of the Directors has been a director of any company at the time or within twelve months preceding the date of its receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, and none of the Directors has been a partner of any partnership at the time of or within twelve months preceding any compulsory liquidation, administration or partnership voluntary arrangement, or at the time of or within twelve months preceding the date of receivership of any asset of such partnership.
- (d) No Director has been publicly criticised by any statutory or regulatory authority or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- (e) Stephen Komlósy was the subject of an individual voluntary arrangement in 1993 which was satisfactorily completed and discharged in 1996. In the context of that individual voluntary arrangement, a number of companies of which Stephen Komlósy was a director were placed into creditors' voluntary liquidation:
- (i) SAK Investments Limited ("SAK Investments"), a family property company incorporated in 1964, was the subject of a creditors' voluntary liquidation, with liquidators being appointed on 19 April 1993. The estimated deficiency as regards creditors as at the date of appointment of the liquidators was £5,188,520. SAK Investments was formally dissolved on 22 October 1997 and in the final statement of receipts and payments filed by the liquidators with the Registrar of Companies, the actual deficit as regards creditors, after realisation of assets and returns to creditors, was reduced to £59,988;
 - (ii) SAK Property Management Limited ("SAK Property Management") was the subject of a creditors' voluntary liquidation, with liquidators being appointed on 8 September 1994. The estimated deficiency as regards creditors as at the date of appointment of the liquidators was £18,222. SAK Property Management was formally dissolved on 20 October 1995 with no returns to creditors; and
 - (iii) Pebco Limited ("Pebco") was the subject of a creditors' voluntary liquidation, with liquidators being appointed on 21 May 1993. The estimated deficiency as regards creditors as at the date of appointment of the liquidators was £186,590 of which £150,000 related to a loan by SAK Investments to Pebco. Pebco was formally dissolved on 11 April 1994 with no returns to creditors.

In addition, Stephen Komlósy was a director of the following companies at the time of their liquidation:—

- (i) Trichord Leisure Limited ("Trichord") was the subject of a creditors' voluntary liquidation, with liquidators being appointed on 2 November 1988. The estimated deficiency as regards creditors as at the date of appointment of the liquidators was £717,730. Trichord was formally dissolved on 9 May 1993 and in the final statement of receipts and payments filed by the liquidators with the Registrar of Companies, return to preferential creditors was stated to be 14.95 pence in the pound; and
 - (ii) Robert Stigwood Associates Limited ("RSA") was the subject of a creditors' voluntary liquidation. Robert Stigwood Associates Limited was formally dissolved in 1975 and all the records relating to this company held by the Registrar of Companies have been destroyed. Consequently it is not possible to provide the estimated deficiency as regards creditors as at the date of appointment of the liquidators or the returns to creditors.
- (f) Stephen Komlósy has a service agreement with the Company dated 21 February 2000 to act as Chief Executive. He is entitled to a salary of £60,000 per annum reviewable annually as determined by the remuneration committee. Stephen Komlósy's contract is terminable on the giving of 12 months notice by either party.
- (g) The Company entered into a consultancy agreement with General Trading Corporation Limited on 14 September 2001, a company which is controlled by Stephen Komlósy, for the provision of the consultancy services of Stephen Komlósy. This agreement is terminable on 12 months notice by either party. General Trading Corporation Limited is entitled to a fee of £25,000 per annum from the Company plus a sum equal to 75% of the fees received by the Company from investee companies in respect of the provision of Mr Komlósy as a director to those investee companies and a sum equal to 50% of the profit arising on the disposal of the shares issued on the exercise of options in investee companies (except Avatar) being options originally held by Mr Komlósy, but assigned to London & Boston pursuant to a Declaration of Trust, also dated 14 September 2001 and made between Mr Komlósy and London & Boston.
- (h) Geoffrey Dart has a service agreement with the Company dated 15 January 2002 to act as Deputy Chairman and Executive Director. He is entitled to a salary of £50,000 per annum reviewable by the remuneration committee at least once in each calendar year but subject to upward review only. Geoffrey Dart's contract commenced on 7 June 2001 and is terminable by the Company, giving not less than 12 months' notice or by Geoffrey Dart giving to the Company not less than three months' notice.
- (i) Apsley Estates Limited (a company in which Geoffrey Dart's family is interested) has a consultancy agreement dated 15 January 2002 with the Company. Apsley Estates Limited is entitled to commission of 2% of the value of any corporate transaction introduced to the Company by Apsley, Geoffrey Dart or First Merchant Capital Limited. The agreement commenced on 7 June 2001 and terminates at the time when the service agreement referred to in paragraph (h) above terminates.
- (j) John May has a service agreement with the Company dated 25 January 2000 to act as Finance Director. He is entitled to remuneration of £50,000 per annum subject to upward review. John May's contract is terminable on the giving of six months notice by either party.
- (k) The terms of Peter Cotgrove's appointment to act as a non-executive director of the Company are set out in the letter of appointment dated 25 January 2002 under which he is entitled to a fees of £12,000 per annum
- (l) The terms of Edward Adams appointment to act as a non-executive director of the Company are set out in the letter of appointment dated 25 January 2002 under which he is entitled to fees of £12,000 per annum.
- (m) Save as disclosed in this paragraph 5 above, there are no service contracts, existing or proposed between any Director and the Company.
- (n) Save as disclosed in this paragraph 5 above, there have been no amendments to the service contracts of the existing Directors within the 12 months preceding the date of this document.
- (o) The aggregate remuneration paid and benefits in kind granted by the Company to Directors during the last financial year was £92,500 and the aggregate remuneration paid and benefits in kind granted to Directors is estimated to amount to approximately £141,709 for the period ending 31 December 2001.

6. Substantial shareholders

- (a) In addition to the holdings of certain of the Directors, details of which are set out in paragraph 4(a) above, set out below are the names of those persons who, directly or indirectly, were interested in three per cent or more of the Company's share capital as at 9 April 2002:

	Number of Ordinary Shares	Percentage of issued ordinary share capital
Willbro Nominees PAL ACCT	9,799,000	13.69
National Westminster Bank Nominees (Jersey) Limited WN1 196 Account	6,000,000	8.38
Energy Technique	5,143,120	7.18
Frank Nominees Limited	5,000,000	6.98
Harrell	4,681,880	6.54
Willbro Nominees Limited	2,672,500	3.73
Alma Consultancy Services Limited	2,500,000	3.49
Kitrade International Corporation	2,500,000	3.49
Southwind Limited	2,500,000	3.49

- (b) Save as disclosed in this document, the Directors are not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

7. Memorandum of Association

The objects of the Company are set out in clause 4 of the Company's Memorandum of Association and its principal objects are, amongst others, to carry on the businesses of a property, asset and investment holding company.

8. Articles of Association

The Articles of Association of the Company were adopted by the Company by special resolution on 4 June 1996 and were amended by special resolution on 21 February 2000. The effect of certain of their provisions is summarised below:

(a) *Voting*

On a show of hands, every member who is present in person, or being a corporation is represented by a duly authorised representative, and in each case is entitled to vote, will have one vote and upon a poll, every member present in person or by proxy and entitled to vote shall have one vote for every Ordinary Share held by him.

(b) *Dividends*

Subject to any preferential or other special rights attached to any shares issued by the Company, the profits of the Company available for dividend and which the Company shall determine to distribute by way of dividend shall be apportioned and paid to the members entitled to them proportionately to the amounts paid up on their shares.

Any dividend unclaimed after a period of 12 years from the date that such dividend is payable shall be forfeited and shall revert to the Company.

(c) *Distribution of assets on a winding up or return of capital*

If the Company is wound up, the liquidator may, with the authority of an extraordinary resolution, subject to the Act, divide amongst the members in specie the whole or any part of the assets of the Company and may determine how such division shall be carried out as between different classes or members (if any).

(d) *Variation of rights and changes in capital*

Whenever the capital of the Company is divided into different classes of shares, any of the rights or privileges attached to any share may, subject to the provisions of the Act, be modified, varied or abrogated, either with the consent in writing of the holders of three quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of issued shares of that class. At any such separate general meeting (other than

an adjourned meeting) the necessary quorum is two persons personally present and holding or representing either by proxy or as the duly authorised representative of the corporate member, one third of the capital paid up on the issued shares of the class in question.

The Company in general meeting may:

- (i) consolidate its share capital into shares of a larger amount;
- (ii) sub-divide its share capital into shares of a smaller amount;
- (iii) cancel any shares which have not been taken up or agreed to be taken up by any person and diminish its authorised share capital by the amount of the shares so cancelled;
- (iv) increase its authorised share capital by such sum, to be divided into shares of such amount, as the resolution shall provide; and
- (v) with the sanction of a special resolution, and subject to any confirmation or consent required by law, reduce its authorised and issued share capital or any capital redemption reserve or any share premium account.

(e) *Transfer of shares*

A transfer of shares shall be effected by transfer in writing in the usual common form or in any other form approved by the board. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered into the register of members in respect of them.

The Board may, in its absolute discretion, and without assigning any reason refuse to register any transfer of any share (not being a fully paid share) to a person of whom it does not approve and may also refuse to register any transfer of any share (not being a fully paid share) upon which the Company has a lien. No transfer for any share shall be registered if made in favour of an infant, a person in respect of whom there exists an undischarged receiving order or adjudication order in bankruptcy or a person suffering from mental disorder or where any event specified in the Articles of Association has occurred in relation to him.

The Board may, in its absolute discretion, refuse to register any transfer of shares held by a member which does not appear to it to be a transfer pursuant to an arms length sale (namely one on a recognised investment exchange) if such member or any other person appearing to be interested in such shares has been duly served with a notice under section 212 of the Act and has failed to supply the information required within 14 days, or has made a statement in purported compliance with such notice which, in the opinion of the Board, is false or misleading in any material particular. The Board may only exercise such power if the shares specified in such notice represent at least 0.25% of the issued shares of the relevant class.

The Board may also decline to recognise any instrument of transfer unless it is:

- (i) duly stamped, is deposited at the office of the Company's registrars or such other place as the Board may appoint and is accompanied by the certificate for the shares to which it related and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- (ii) in respect of only one class of share; and
- (iii) in favour of not more than four transferees (except in the case of executors or trustees of a deceased member).

Save as stated, the Articles of Association contain no restrictions as to the free transferability of the fully paid up shares.

(f) *Purchase of own shares*

Subject to the Act the Company may by special resolution purchase its own shares provided that where the Company has issued any convertible securities convertible into or carrying a right to subscribe for shares of the class proposed to be purchased, no purchase by the Company of its own shares will take place unless sanctioned by an extraordinary resolution passed at a separate class meeting of the holders of each class of convertible securities. Any purchase by the Company of its own shares shall be limited to a maximum price not exceeding 5% above the average of the middle market quotations taken from the London Stock Exchange Daily Official List for the 10 business days before the purchase is made, and if by tender, the tender shall be made available to all members on the same terms.

(g) *Untraced Shareholders*

The Company shall be entitled to sell at the best price reasonably obtainable the shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy if and provided that during the period of 12 years prior to the date of the publication of an advertisement by the Company in a national daily newspaper and in a newspaper circulating in the area of the registered address of such member, at least three dividends in respect of the shares have become payable and have been returned undelivered or remain uncashed and for three months following the publication of the advertisement the Company has not received indication of the whereabouts or the existence of such member and a notice shall be given to the Quotations Department of the London Stock Exchange of its intention to make such a sale. The net proceeds of the sale shall belong to the Company which shall be obliged to account to the former Member or other person entitled for an amount equal to the proceeds as a creditor.

(h) *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future.

(i) *Directors*

(1) *Appointment and Eligibility of Directors*

There shall be not less than two and no more than eight Directors at any time. Directors are not required to hold any shares in the capital in the Company and a Director who is not a member shall be entitled to attend and speak at all general meetings of the Company or of any class of shares of the Company. The Company shall maintain a register showing the interest of each Director in shares or debentures of the Company.

(2) *Age of Directors*

A Director shall retire at the first annual general meeting after the date of his seventieth birthday and shall be eligible for re-election for the period from that annual general meeting until the next annual general meeting when he shall again retire but be eligible for re-election for a subsequent term or terms but on each occasion only to the end of the next annual general meeting.

(3) *Remuneration of Directors*

The Directors shall be entitled to be paid out of the funds of the Company as directors fees in each year an aggregate sum not exceeding £50,000 or as the Directors may determine, such sum to be divided among such Directors in such proportion as they may agree or, in default of agreement, equally, provided that any Director holding the office for part of the year shall, unless otherwise agreed, be entitled only to a proportionate part of such remuneration. The Company may by ordinary resolution increase the amount of fees payable.

The Directors shall also be entitled to be repaid all travelling, hotel and other expenses properly incurred by them respectively in and about their performance of their duties as Directors, including their expenses of travelling to or from board, committee or general meetings.

The Directors may from time to time appoint one or more of their body to be the holder of any executive office on such terms and for such period as the Board may determine. A Director so appointed shall not be subject to retirement by rotation and shall receive such remuneration as the Board may determine.

(4) *Powers and Duties of Directors*

Subject to the Act the Directors shall manage the business of the Company and exercise all the powers of the Company that do not require authorisation by a general meeting.

Except as mentioned below, a Director shall not vote in respect of any contract or arrangement whatsoever in which he or any person connected with him has any interest (otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company). The Director shall not be counted in the quorum at a meeting in relation to any resolution in which he is debarred from voting.

A Director will be entitled to vote in and be counted in the quorum in respect of any resolution concerning any of the following matters, namely:

- (i) the giving of any security or indemnity or guarantee in respect of money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiaries;
- (ii) the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee of indemnity or by the giving of security;
- (iii) his subscribing or agreeing to subscribe for, or purchasing or agreeing to purchase any shares, debentures or other securities of the Company or any of its subsidiaries as a holder of securities or his being, or intending to become, a participant in the underwriting or sub-underwriting thereof;
- (iv) any proposal concerning any other company, being a company in which the Director is interested, directly or indirectly and whether as a shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in one per cent or more of any class of share capital;
- (v) any proposal concerning the adoption, modification or operation of a superannuation fund, retirement benefit scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes, or which does not accord to any director as any additional privilege or benefit to those accorded to the employees to which the scheme or funds relate;
- (vi) any contract, arrangement or proposal for the benefit of the employees of the Group under which he benefits in a similar manner as the employees and which does not accord to any director as such any privilege or advantage not accorded to the employees to which the scheme or fund relates; and
- (vii) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons including Directors.

(j) *Pensions and Allowances*

The Board may establish, maintain, participate in or contribute to any pension, superannuation, benevolent or life assurance fund, scheme or arrangement for the benefit of any persons who are or were at any time in the employment or service of the Company or who have been or may be directors or officers of the Company, and the wives, widows, families and dependants of any such person. The Board may establish, subsidise and subscribe to any institutions, associations, societies, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company.

The Board may establish and maintain, subject to approval by the members, any employee share scheme, share option or share incentive scheme, whereby employees of the Company or of any company which is a subsidiary of the Company are given the opportunity of acquiring shares in the capital of the Company on the terms and subject to conditions set out in such a scheme.

9. Terms of the Warrants

(a) *A Warrants*

The A Warrants are constituted by and have been issued subject to and with the benefit of a deed poll of the Company dated 21 February 2000. A Warrants to subscribe for 6,231,060 Ordinary Shares at the price of 10p per share prior to 31 March 2005 remain outstanding. The A Warrants are exercisable by giving written notice to the Company within the three week period following 31 March and 30 September in each year.

(b) *B Warrants*

The B Warrants are constituted by and have been issued subject to and with the benefit of a deed poll of the Company dated 15 January 2002. The following is a summary of certain of the provisions of the B Warrant Instrument.

- (i) The B Warrants confer the right to subscribe in cash at 10p per share for up to such number of Ordinary Shares as shall equal 20% of the aggregate number of Ordinary Shares in issue at the date of the B Warrant Instrument together with any further Ordinary Shares that are issued, after the date of the B Warrant Instrument, but prior to the date of exercise of the relevant Warrant or Warrants, excluding Ordinary Shares issued pursuant to the B Warrant Instrument itself (the "Relevant Ordinary Shares").
- (ii) B Warrants have been issued in respect of new Ordinary Shares equal to 20% of the Relevant Ordinary Shares.
- (iii) The B Warrants will be exercisable in each of the 30 day periods following the announcement of the final and interim results of the Company in respect of each and any of the years 2002 onwards. Exercise will be by notice in writing lodged with the Company's registrar accompanied by a cheque or bankers' draft for the appropriate remittance.
- (iv) The B Warrant Instrument provides that any holder of the B Warrants may not exercise any subscription rights under the B Warrants if such exercise would result in the holder (together with any person or persons acting in concert with him for the purposes of The City Code on Takeovers and Mergers) holding more than 29.99% of the issued voting share capital of the Company at the date thereof.
- (v) For as long as the Company's ordinary share capital is admitted to AIM it is the intention of the Company to apply to AIM for the Ordinary Shares allotted pursuant to any exercise of subscription rights to be admitted to AIM.
- (vi) The B Warrant Instrument provides that the exercise terms of the B Warrants are to be adjusted in certain circumstances such as in the event of a consolidation or sub-division of the ordinary share capital of the Company. If and whenever there shall be an alteration in the nominal amount of the Ordinary Shares as a result of a consolidation or sub-division, the subscription price in force immediately prior to such alteration shall be adjusted by multiplying it by a fraction of which the numerator shall be the nominal amount of one such Ordinary Share immediately after such alteration and the denominator shall be the nominal amount of one Ordinary Share prior to such alteration, and such adjustment shall become effective on the date the alteration takes effect.
- (vii) If an order is made or an effective resolution is passed for the winding up of the Company (except for the purpose of a reconstruction, amalgamation or unitisation on the terms sanctioned by an extraordinary resolution of the holders of the B Warrants) each holder of B Warrants will be treated as if he had exercised his B Warrants in full immediately before the passing of the order or resolution and will be entitled to receive out of the assets available in the liquidation pari passu with the holders of the Ordinary Shares such sum as he would have received if he had actually held such Ordinary Shares less the aggregate subscription price of such Ordinary Shares under the terms of the B Warrants. Subject to this all unexercised B Warrants shall lapse on the liquidation of the Company.

10. Subsidiaries

The principal subsidiary undertakings of the Company are as follows:

Name of Company	Country of Registration	Proportion Held	Nature of Business
GRO Properties Limited	England and Wales	100%	Landlords
Albion Plaza Limited	England and Wales	100%	Property trading subsidiary
1st Mortgage Company Limited	British Virgin Islands	100%	Mortgage Lending
Merchant Kapital Holding A/S	Denmark	99.6%	Bank holding company (licence application pending)

11. Material Contracts

The following contracts (not being entered into in the ordinary course of business), have been entered into by the Company in the two years prior to the date of this document and are, or may be, material:

- (ii) an agreement dated 21 June 2000 between Croma Optical Equipment Limited, Croma and London & Boston, pursuant to which in June 2000 London & Boston acquired 600,000 ordinary shares in Croma at 15p per share for a consideration of £90,000 (satisfied in cash) and in September 2000 1,333,333 ordinary shares in Croma at 15p per share for a cash consideration of £200,000.
- (iii) an agreement dated 10 July 2000 between Avatar and London & Boston pursuant to which London & Boston agreed to acquire 1,600,000 shares of the common stock of Avatar for an aggregate consideration of \$1,600,000 and was granted a five year warrant to purchase an additional 1,000,000 shares of Avatar at an exercise price of \$1 per share;
- (iii) a warranty agreement dated 18 August 2000 from London & Boston whereby London & Boston gave Harrell certain warranties relating to the purchase of 110,000 shares in the common stock of Harrell, referred to in paragraph (iv) below;
- (iv) an agreement dated 13 October 2000 between London & Boston and Harrell pursuant to which London & Boston acquired 110,000 shares in the common stock of Harrell for a consideration of \$275,000;
- (v) an agreement effected on 10 February 2001 between London & Boston and Merchant Capital Holdings Limited ("Merchant Capital") pursuant to which London & Boston agreed to acquire from Merchant Capital 842,000 shares in the common stock of Harrell at a consideration of \$0.75 per share. The consideration was satisfied in full by the allotment to Merchant Capital of 4,355,000 Ordinary Shares in London & Boston.
- (vi) a warranty agreement dated 20 April 2001 from London & Boston whereby London & Boston gave Harrell certain warranties relating to the purchase of 842,000 shares in the common stock of Harrell, referred to in paragraph (v) above;
- (vii) an agreement dated 22 May 2001 between (1) Energy Technique and (2) Harrell, London & Boston, Baskerville Holdings Limited, Michael Connell, Gerard Thompson and Vincent Tchenguiz (the "Investors" making up the "Investment Consortium") governing the relationship between the parties and regulating certain aspects of the affairs of the Energy Technique pursuant to which the Investment Consortium subscribed for the 36,733,336 new ordinary shares of 1p each in Energy Technique for £587,688 satisfied in cash and the issue and transfer of 1,820,000 Ordinary Shares in London & Boston at 10p per Share;
- (viii) an agreement dated 14 June 2001 between each of the Investors and Energy Technique setting out certain arrangements to endeavour to ensure that Energy Technique is capable of operating independently of each of the members of the Investment Consortium and their associates;
- (ix) an agreement dated 24 August 2001 between (1) London & Boston and (2) Geoffrey Fielding, Colin Glass and Ralph Sadler relating to the acquisition of the issued share capital of GRO Properties plc by London & Boston in consideration for the issue of 2,204,080 Ordinary Shares;
- (x) agreements dated 19 December 2001 whereby London & Boston acquired from Blythe Co Limited and others the whole of the issued share capital of 1st Mortgage Company Limited in consideration of the issue of 15,000,000 Ordinary Shares and £100,000 in cash and up to £225,000 cash in deferred payments;
- (xi) an agreement dated 14 January 2002 whereby London & Boston acquired from Delphic Global Opportunities Fund Limited a 14.99% stake in Airow plc for a consideration of £305,000.
- (xii) an agreement dated 6 February 2002 whereby London & Boston acquired from Delphic Global Opportunities Fund Ltd a 9.99% stake in Airow plc for a cash consideration of £203,000.
- (xiii) an agreement dated 10 April 2002 between (1) London & Boston, (2) the Directors and (3) Matrix pursuant to which Matrix has agreed to act as nominated adviser to the Company. The agreement is terminable, inter alia, subject to Admission by either London & Boston or Matrix giving to the other at any time after the date of the agreement not less than 60 days prior notice in writing. In consideration of Matrix agreeing to act as nominated adviser, the Company has agreed, subject to Admission, to pay to Matrix an annual retainer of £20,000 plus VAT and reasonable out-of-pocket expenses incurred in connection with the appointment. The Company has given certain warranties, representations and indemnities to Matrix in connection with the appointment to act as nominated adviser.

- (xiv) an agreement between the Company and KBR dated 10 April 2002 pursuant to which KBR have agreed to act as the Company's brokers on the introduction of the Company to AIM.
- (xv) irrevocable commitments have been made by Stephen Komlósy, Geoffrey Dart, a trust of which Edward Adams is the major beneficiary and Wallace & Partners to subscribe for 454,545, 181,818, 363,636 and 636,363 shares respectively at 5.5p.
- (xvi) a Subscription Agreement dated 10 April 2002 between (1) London & Boston (2) Matrix and (3) KBR pursuant to which KBR has agreed as agent for London & Boston to use its reasonable endeavours to procure subscribers for 525,000 new Ordinary Shares at 5.5p per share or itself to subscribe for such shares and be authorised by the Company to accept, for a period of 28 days from the date of the Subscription Agreement, any application for subscription for up to a further 2,000,000 new Ordinary Shares at a price of not less than 5.5p per share without any obligation on KBR to subscribe itself for such further shares.

Conditional upon Admission, London & Boston has agreed to pay:

- (a) to KBR a commission equal to 5% of the aggregate value of the number of Ordinary Shares placed by it;
- (b) to Matrix and to KBR a fee of respectively £85,000 and £20,000 for corporate finance and broking advice; and
- (c) the legal and out-of-pocket expenses of Matrix and KBR in connection with Admission.

Matrix have undertaken, conditional on payment of its fee, to subscribe for 454,545 Ordinary Shares at 5.5p per share. The Subscription Agreement is conditional on, *inter alia*, the agreement not having terminated prior to Admission and Admission occurring by not later than 8.30 am on 16 April 2002 or such later date as the Company and KBR and Matrix may agree. Matrix and KBR may terminate the Subscription Agreement at any time prior to Admission, *inter alia*, upon the occurrence of an event of *force majeure*, a material breach of the warranties or other obligation contained in the Subscription Agreement or upon any statement contained in this document becoming or being discovered to be materially untrue, inaccurate or misleading.

London & Boston have given warranties to Matrix and KBR in relation to this document and in connection with the Subscription. London & Boston have given an indemnity to Matrix and KBR in connection with the carrying out of their obligations and services under the Subscription Agreement.

12. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, the Company has sufficient working capital for its present requirements, that is for at least 12 months following the date of this document.

13. Litigation

- (a) Save as disclosed below, there are no legal or arbitration proceedings active, pending or threatened against, or being brought by, the Company or any member of the Group which are having, or may have, a significant effect on the Group's financial position.
- (b) Alan Lister, the former chairman of the Company, has commenced proceedings against the Company in the employment tribunal on the grounds that he was dismissed as a result of his having made a protected disclosure. The Company is vigorously defending these proceedings. The Directors do not consider it appropriate to provide for any material liability.

14. Expenses

The expenses of Admission are estimated to be approximately £230,000 (excluding VAT). All expenses are payable by the Company.

15. Consents

- (a) KBR has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- (b) Matrix has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

16. General

- (a) The accounting reference date of the Company is 31 March.
- (b) There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.
- (c) No person (excluding professional advisors otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within 12 months preceding the date of this document or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission:-
 - (i) fees totalling £10,000 or more;
 - (ii) securities in the Company with a value of £10,000 or more; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- (d) Save as disclosed, there have been no interruptions and there has been no significant change to the business of the Company which have or have had a significant effect on the financial position of the Company since incorporation and there are no significant investments in progress by the Company.
- (e) None of the financial information set out in Part III of this document constitutes statutory accounts within the meaning of Section 240 of the Act. The financial information in Part III of this document has been prepared in accordance with the applicable law and the Directors accept responsibility for that information.
- (f) No securities of the Company are being offered or issued to the public in connection with the application for Admission.

17. UK tax treatment of ownership and disposal of Ordinary Shares

The following statements are intended only as a general guide to the current tax position under UK taxation law and practice. They may not apply to certain classes of Shareholders, such as dealers in securities, or to Shareholders who are not absolute beneficial owners of their shares. **An investor who is in any doubt as to his or her tax position or is subject to tax in any jurisdiction other than the UK should consult his or her professional adviser without delay.**

Dividends

Under current UK legislation, no tax is withheld from dividend payments by the Company. A UK resident individual Shareholder will be entitled to a tax credit in respect of any dividend received equal to one ninth of the amount of the dividend received. The tax credit therefore equals 10 per cent. of the aggregate amount of the dividend received and tax credit. Liability to UK income tax is calculated on the sum of the dividend and the tax credit. The tax credit will be available to offset such a Shareholder's liability to income tax on the dividend to the extent that it reduces or extinguishes the income tax liability. Individual Shareholders whose income is within the starting rate or basic rate tax bands are subject to income tax at the rate of 10 per cent. on their dividend income, so that such Shareholders will have no further liability to income tax on their dividends. The higher rate of income tax is 32.5 per cent. in respect of dividend income (rather than the main rate of 40 per cent.), so that a Shareholder whose income is subject to higher rate income tax will, after allowing for the 10 per cent. tax credit, be liable to pay further income tax equal to 22.5 per cent. of the amount of the dividend and the tax credit. A Shareholder who is not liable to income tax on the dividend (or any part of it) is not able to claim payment of the tax credit (or part of it) in cash from the Inland Revenue, save where the dividend is paid on or before 5 April 2004 in respect of shares held in a personal equity plan or an individual savings account. UK resident corporate Shareholders (including authorised unit trusts and open-ended investment companies) and pension funds will not normally be liable to UK taxation on any dividend received and are not entitled to payment in cash of the tax credit. A compensatory payment, calculated on a reducing percentage basis, may be claimed by registered charities in certain circumstances on dividends received from UK companies until 5 April 2004. Whether Shareholders who are resident for tax purposes in countries other than the UK are entitled to the whole or a proportion of the tax credit in respect of dividends on their Ordinary Shares depends in general upon the provisions of any double taxation convention or agreement which exists between such countries and the UK. In addition, individual Shareholders who are resident in countries other than the UK but who are Commonwealth citizens, nationals of member states of the European

Economic Area or fall within certain other categories of person within section 278 of the Income and Corporation Taxes Act 1988 are entitled to the entire tax credit which they may set against their total UK income tax liability. Such Shareholders should consult their own tax advisers on the possible application of such provisions and any relief or credit which may be claimed in respect of such tax credit in their own jurisdictions. However, in general, no cash payment is recoverable from the Inland Revenue in respect of the tax credit.

Capital Gains Tax

Shareholders who are resident or ordinarily resident for tax purposes in the UK may, depending upon their individual circumstances, be liable to UK taxation on chargeable gains on a disposal of shares. A Shareholder who is not resident or ordinarily resident for tax purposes in the UK will not be liable to UK taxation on chargeable gains unless the Shareholder carries on a trade, profession or vocation in the UK through a branch or agency in the UK and the Ordinary Shares are, or have been, used, held or acquired for the purposes of such trade, profession or vocation or for the purposes of such branch or agency. A Shareholder who is temporarily non-resident in the UK may be liable to UK taxation on chargeable gains on a disposal of Ordinary Shares acquired prior to their departure from the UK. These gains may be chargeable on their return to the UK. Such Shareholders should consult their own tax advisers on the possible application of such provisions.

Inheritance Tax

The Ordinary Shares are assets situated in the UK for the purposes of UK inheritance tax. A gift of Ordinary Shares by, or the death of, an individual Shareholder may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the Shareholder is neither domiciled nor deemed to be domiciled in the UK.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No stamp duty or SDRT will be payable on the issue of Ordinary Shares, save to a person who issues depository receipts or provides clearance services in respect of such Ordinary Shares or to a nominee or agent for such person, in which case SDRT will be payable at the rate of 1.5 per cent. of the issue price. The Company will not meet such SDRT. Where Ordinary Shares are held in certificated form, no stamp duty or SDRT will arise on a transfer of such Ordinary Shares into CREST unless such transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise. Transfers of Ordinary Shares within CREST will be liable to SDRT rather than stamp duty. Any agreement to transfer Ordinary Shares outside CREST made for a consideration in money or money's worth will give rise to a liability on the purchaser to stamp duty or SDRT usually at the rate of 0.5 per cent. of the consideration paid. Special rules apply to market makers, broker-dealers and certain other persons. Agreements to transfer Ordinary Shares to charities will not give rise to SDRT or stamp duty.

18. Documents

Copies of the following documents will be available for inspection during normal business hours on any weekday (public holidays excepted) at the offices of Wallace & Partners, One Portland Place, London W1B 1PN from the date of this document to the date of Admission:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in paragraph 11 above;
- (c) the service and other agreements referred to in paragraph 5 above;
- (d) the written consents referred to in paragraph 15 above;
- (e) the A Warrant Instrument dated 21 February 2000;
- (f) the B Warrant Instrument dated 15 January 2002;
- (g) the report of Milsted Langdon set out in Part III of this document; and
- (h) the audited accounts of London & Boston for the four financial periods ended 31 December 2001, 4 April 2001, 4 April 2000 and 30 June 1999.
- (i) the irrevocable commitments referred to in paragraph 11 above.

Copies of this document are available to the public, free of charge, at the offices of Capita IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU and at the registered office of the Company, Winchester House, Deane Gate Avenue, Taunton, Somerset TA1 2UH for one month following the date of Admission.

Dated 10 April 2002