LONDON & BOSTON

Investments plc

Annual Report 2005

contents

corporate synopsis

L&Bi is building a core portfolio of profitable growth businesses that provide enhanced shareholder value creation through the application of management expertise and innovative business strategies. The Company seeks to acquire complementary and other businesses.

L&Bi has acquired, to date, businesses in the covert surveillance, packaging, property search and financial services industries:

Audiotel International Limited – a leading international provider of audio counter surveillance and surveillance equipment.

Moore & Buckle (Flexible Packaging) Limited – a specialist packaging manufacturer.

PSG (Franchising) Limited – the largest private property search organisation in the UK with over 87 franchisees across England and Wales.

Patersons Financial Services Limited – an independent financial services provider.

operational highlights

- 3 successful acquisitions achieved totalling £14.6m; PSG (Franchising) Limited, (PSG), Moore & Buckle (Flexible Packaging) Limited (M&B) and Patersons Financial Services Limited (Patersons).
- £729,000 pro forma earnings before interest, taxation, depreciation and amortisation (EBITDA) on the basis of full integration of all the subsidiaries for the whole year.
- 160% increase in turnover from £3m to £7.9m (£9.35m on pro forma basis).
- Shareholders' Funds increased 227% from £2.5m to £7.8m following Capital Reduction and further equity issues.
- Positive momentum maintained in the first five months of the current year.
- Capital reduction completed enabling future payment of dividends.

Results for the Group on a pro forma basis are:

	Turnover £	Gross Profit £	EBITDA £
Existing Operations	2,031,250	1,196,669	(1,640,228)
PSG	6,070,849	2,691,720	1,967,170
M&B	1,126,666	836,546	371,884
Patersons	116,479	104,826	29,780
Pro forma Group	9,345,244	4,829,761	728,606

overview of the period

This has been a year of exciting fundamental change for London & Boston Investments plc (L&BI) in which we have focussed on our strategy of building a group consisting of wholly owned profitable subsidiaries which can achieve public quoted status in their own right at the appropriate time and we have implemented our plan to sell a number of our minority investments. In line with this strategy we successfully completed the acquisitions of PSG, M&B and Patersons bringing the number of our operating subsidiaries to four.

Despite these achievements, in the year under review, we did not reach where we intended to be with regard to profitability. However, the first five months of this current year, following the year end, are ahead of budget and the Group structural and managerial changes needed have largely been completed

PSG (Franchising) Ltd (PSG) trading as The Property Search Group

PSG was acquired in June 2004. Immediately following the completion of the acquisition there was a downturn in the level of UK house sales, with sales in the year being 55% lower than the previous year, according to Knight Frank. However, management actions and increased efficiency have enabled the PSG Group to restrict the fall in turnover to only 10%. In November 2004, Tweedie Brown CBE was appointed Managing Director. With this appointment, a re-pricing of some of the Company's business, an increased concentration on winning new business and increased levels of support for our 87 franchisees, we have been able to maintain PSG's EBITDA on a pro forma basis at a similar level to the previous year's £2m.

This is a remarkable achievement against the backdrop of the severe reduction in industry volumes. This success has been maintained to date in the current year. This company is responsible for 750,000 property searches, of all types, each year and is the market leader with an estimated 20% of the domestic search market. We are very confident for the future growth of this company now that we have taken the steps mentioned above to increase market share.

Audiotel International Ltd (Audiotel)

In my interim statement, I alluded to the fact that trading in the security industry traditionally improves in the second half of the year due to the purchasing patterns of governmental organisations and Audiotel has hitherto followed this pattern. However, this trend was not maintained in the year ended 31 March 2005 and the Company recorded a £431,000 operating loss, before Group management charges, compared to £409,000 operating profit in the previous year.

At the outset of this downturn, we appointed Paul Hughes ACIB as the new executive Chairman, reduced overheads and appointed a new Sales Manager and sales personnel. The impact of these measures is already being reflected in improved financial performance in the current financial year and a repeat £1.8m order has been achieved which will add significantly to Audiotel's profitability during the course of the current year.

During the year under review significant investment was made in developing a new product range aimed at the commercial market as opposed to Audiotel's traditional, notoriously "lumpy", governmental market. Sales of these new products are beginning to come through since the beginning of this current year and Audiotel is now trading in line with budget.

Audiotel has been established for nearly 25 years and is recognised as a leader in the creation of surveillance and counter-surveillance products which are marketed globally and used by government agencies, security and defence organisations around the world. Audiotel is extremely well placed to benefit from the increasing international need to combat terrorism and international crime.

Moore & Buckle (Flexible Packaging) Ltd (M&B)

M&B operates in a niche market as a specialist short run provider of innovative and remedial packaging solutions.

During the year under review, the necessary move to larger purpose built premises was successfully completed. This move facilitates M&B's ability to penetrate into the pharmaceutical and food industries, but in the short term the disruption of the move had a depressing effect on the profits of this company. As a result, the Company achieved only £372,000 EBITDA against £860,000 for the previous year. However, revenues have now been restored to former levels during this current year and a new sales initiative is now being implemented with a new customer list being created. Whilst we have increased the costs this year with new premises, the appointment of a new Production Director and the establishment of a new accounting function, we believe that, in time, these will be offset by much increased business. The Company has operated largely in line with budget for the first five months of the current year.

Patersons Financial Services Ltd (Patersons)

We acquired Patersons in January 2005 as we perceived a specific need within our Group to comply with the recently introduced FSA rules for sale of insurance products. Whilst, at a purchase price of £100,000, this was a small acquisition, we are expecting the Company to contribute significant profits to the Group over time. In the three months to 31st March 2005, Patersons generated profits of £31,000 before taxation and has traded in line with budget for the first five months of this current year. We are planning to increase the size of this company organically and by the acquisition of a number of similar sized brokerages during the current year.

underwritten placing and open offer

To assist with the financing of the £11.5m acquisition of PSG we raised £1.5m, before expenses, from existing and new shareholders through an underwritten Placing and Open Offer in June 2004, which was fully subscribed. Both your Finance Director, John May, and I were underwriters and in addition we took up our entitlement of shares in L&Bi under the Open Offer.

investments

I have previously stated that it is our policy to focus on our wholly owned subsidiaries and to sell our minority investments. Since the balance sheet date, we have already disposed of our small interests in Merchant House Group Plc and in Croma Group Plc and I expect that we will have sold most of our other investments by the end of next year. One exception will be our 20% investment in Avatar Systems Inc, which is listed on NASDAQ BB and which is a software provider to the US oil industry, where we feel there is a large upside potential in the medium term.

post balance sheet events

During September 2005 we placed 25,252,525 L&BI shares at market price with Wheddon Ltd, a BVI company, which is ultimately owned by Investec Trust (Guernsey) Ltd, as trustees for The Tchenguiz Family Trust. Wheddon Ltd is managed by Consensus Business Group (Consensus) which is headed by Vincent Tchenguiz. There are exciting synergies between L&Bi and some of the many companies under the Consensus umbrella which we intend to explore and develop.

the future

It is our determination to focus the activities of the Group on creating profits and assets by means of added management value to all our companies and, therefore, consideration is given, on a continual basis, to how the best value for our shareholders can be achieved and this may include, as I have mentioned above, moving some of our subsidiaries out to the AIM and other stock markets individually, and using new alliances and acquisitions. This current year is likely to see a number of important changes to the Group targeted at achieving both profits and a sustained higher share price for the Group. We will inform you about these changes in due time and, where required, will call the relevant shareholders meetings to approve them.

I would like to welcome John Burley to our Board together with Julie Hester and her alternate director, Gary Hester, the founders of PSG, and to thank shareholders for their continued support and encouragement during this transitional period.

I would also like to thank John May for his unstinting support, working all hours with me, and to thank all the Group's employees, at every level, who have had to undertake and implement the changes and innovations we have required in their companies.

We are confident that this year has set the foundations for an exciting and bright future for our Group and we look forward to improved performance in the future.

Stephen Komlósy
Chairman
19 September 2005

directors, secretary and advisers

directors

Stephen Anton Komlósy
Chairman & Chief Executive

John Joseph May FCA
Finance Director

Peter Leonard George Cotgrove FCA
Non-executive Director

Barry Edward Adams
Non-executive Director

John Martin Burley
Non-executive Director

Julie Amanda Hester
Non-executive Director

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

Registered Office
Winchester House
Deane Gate Avenue
Taunton
Somerset TA1 2UH

Nominated Adviser
Matrix Corporate Finance
One Jermyn Street
London SW1 4UH

Broker
Keith, Bayley, Rogers & Co. Limited
Sophia House
76-80 City Road
London EC1 2EQ

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

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

Company Secretary
John Joseph May FCA

Solicitors to the Company
Wallace LLP
One Portland Place
London W1B 1PN

Press Relations
Hansard Communications Plc
14 Kinnerton Place South
London
SW1X 8EH

Principal Bankers
Barclays Bank plc
Bristol Business Team
PO Box 324 (Patchway)
Park House
Newbrick Road
Stock Gifford

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

report of the directors

for the year ended 31 March 2005

The directors present herewith their annual report and the audited financial statements for the year ended 31 March 2005.

principal activities

The principal activities of the Group are those of the manufacture and sale of specialist electronic equipment; sale and operation of property search franchises together with property searches; manufacture of flexible packaging products; and financial services.

review of business

A report on the business of the Group is provided in the Chairman's report.

future plans

Future plans for the Group are referred to in the Chairman's report.

results

The Group's profit and loss account for the period is set out on page 10 of the financial statements.

dividends

The directors do not recommend payment of a dividend.

research and development

Audiotel International Limited continues its policy of investment in research and development in order to retain a competitive position in its market.

directors and their interests

The directors of the Company during the financial period were:

S A Komlósy
J J May
P L G Cotgrove
B E Adams
J M Burley (appointed 25 June 2004)
J A Hester (appointed 25 June 2004)

In accordance with the Articles of Association J A Hester is due to retire at the Annual General Meeting and, being eligible, offers herself for re-election. A Resolution for the re-election will be proposed at the Annual General Meeting.

Under the terms of the acquisition of PSG, G Hester was appointed alternate director for J A Hester.

The beneficial interests of the directors in the issued share capital of the Company, at the end of the period, are shown below:

	2005 2p Ordinary	2004 2p Ordinary
S A Komlósy	**4,707,859**	4,519,545
J J May	**459,147**	250,000
P L G Cotgrove	**60,000**	—
B E Adams	**363,636**	363,636
J M Burley	**—**	—
J A Hester*	**55,045,940**	—

* This beneficial holding includes 27,522,970 ordinary shares held by G Hester.

share warrants

Details of the directors' share warrants are set out in note 24 to the financial statements.

contracts for directors' services and emoluments

Contracts for the provision of the services of directors or letters of appointment have been entered into with all the Directors or companies controlled by them and the principal terms are summarised below:

	Effective date of contract	Current annual remuneration £	Director Position
S A Komlósy	25 January 2000	70,000	Chief Executive
J J May	25 January 2000	70,000	Finance Director
P L G Cotgrove	25 January 2002	20,000	Non-executive Director
B E Adams	25 January 2002	20,000	Non-executive Director
J M Burley	25 June 2004	20,000	Non-executive Director
J A Hester	25 June 2004	—	Non-executive Director

S A Komlósy and J J May are entitled to a bonus of up to the amount of basic remuneration based on the underlying earnings per share of the Group in each financial year. They are entitled to a full bonus if the underlying earnings per share is 2 pence or more. Should the underlying earnings per share amount to 1 pence or more but less than 2 pence, they are entitled to a bonus on a pro rata basis. No bonus is payable if the underlying earnings per share is less than 1 pence. Underlying earnings per share means earnings calculated in accordance with Financial Reporting Standard 14, but before tax, exceptional and extraordinary items and amortisation of goodwill based on the weighted average of undiluted ordinary share capital in issue throughout each financial year.

substantial shareholders

On 7 September 2005, the Company increased its share capital by way of placing of 25,252,525 new ordinary shares of 2 pence each. As at 16 September 2005 the Company's register of shareholders showed the following interests in 3% or more of the Company's enlarged issued share capital:

	2p Ordinary shares	%
G Hester	27,522,970	14.73
Wheddon Limited	25,252,525	13.51
Southwind Limited	21,655,681	11.59
Willbro Nominees Limited	18,836,077	10.08
Rondene Investments plc	6,000,000	3.21
Frank Nominees Limited	5,650,000	3.02
Directors' shareholdings:		
S A Komlósy	4,707,859	2.52
J J May	459,147	0.25
J Hester	27,522,970	14.73
B E Adams	363,636	0.19
P L G Cotgrove	60,000	0.03

donations

During the period the Company donated £4,800 (2004: £6,750) to charities.

payment of creditors

The Group's policy in relation to all of its suppliers is to agree payment terms with individual suppliers in advance, and ensure that these suppliers are aware of those terms and abide by such terms.

The Company's creditor payment days as at 31 March 2005 for trade creditors were 25 days. (2004: 43 days)

directors' responsibilities

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that year. In preparing those financial statements, directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

The maintenance and integrity of the Group's websites is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented, on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included within the annual reports may differ from legislation in other jurisdictions.

auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Milsted Langdon be re-appointed as auditors of the Company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

J J May
Secretary

corporate governance

for the year ended 31 March 2005

Being a company whose shares are admitted to AIM, the Company is not a listed company and therefore is not required to comply with the Combined Code. The Board has however adopted the following:

board committees

The Board has two sub-Committees, the Audit Committee and the Remuneration Committee, both of which include the Finance Director.

the audit committee

The Audit Committee is chaired by J J May FCA, with its other members being P L G Cotgrove FCA and B E Adams. Any director may attend by invitation. The external auditors may be invited to attend the meetings and have direct access to members of the Committee. The Audit Committee may examine any matters relating to the financial affairs of the Company including reviews of the annual and interim financial statements, announcements, internal control procedures and accounting policies.

the remuneration committee

The Remuneration Committee, which is chaired by J J May FCA, reviews the performance of the executive directors, considers and approves all Board and senior executive appointments, remuneration and benefits including share options and service contracts. P L G Cotgrove FCA and B E Adams are members of the committee. The Board reviews the level of fees paid to non-executive directors in conjunction with the special conflicts committee. The latter chaired alternately by S A Komlósy and J J May FCA, has been established to consider all transactions that might give rise to a conflict in interest between any of the Company, the directors and the companies in which the Company has invested.

internal financial control

The directors are responsible for the Group's system of internal financial control. A system can only provide reasonable and not absolute assurance regarding:

- the safeguarding of assets against unauthorised use or disposition;
- the minimisation of risk of material loss whilst in pursuit of the Group's business objectives; and
- the maintenance of proper accounting records and the reliability of financial information within the business or for publication.

Due to the size of the Group, a key control procedure during the year was the close day to day supervision by the executive directors.

auditor independence

The Audit Committee reviews the services provided by the external auditors at least on an annual basis. This review includes consideration of the confirmation of independence which the external auditors provide to the Company on an annual basis and of the services which they provide to the Group, in order to ensure that their independence is not compromised.

relations with shareholders

The directors seek to ensure that all shareholders are kept informed about the Group and its activities. A comprehensive annual report and accounts and an interim report are sent to shareholders and there is frequent dialogue with institutional investors.

The annual general meeting provides shareholders with the opportunity to meet and question directors. Details of the resolutions to be proposed at the annual general meeting, to be held on 28 October 2005 are set out in the Notice of Annual General Meeting which is attached to this report.

going concern

The directors consider, after making appropriate enquiries that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

independent auditors' report to the members of London & Boston Investments plc

for the year ended 31 March 2005

We have audited the financial statements of London & Boston Investments plc for the year ended 31 March 2005 which comprise the Group Profit & Loss Account, the Group Statement of Recognised Gains and Losses, the Group Balance Sheet, the Company Balance Sheet, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report or for the opinions we have formed.

respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

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

basis of opinion

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

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

opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and the Group as at 31 March 2005 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
TAUNTON

group profit and loss account

for the year ended 31 March 2005

	Note	2005 £	2004 £
Turnover			
Continuing operations	2	**2,031,250**	3,027,352
Acquisitions		**5,828,973**	—
		7,860,223	3,027,352
Cost of sales	3	**(3,786,661)**	(968,766)
Gross profit		**4,073,562**	2,058,586
Administrative expenses	3	**(3,963,378)**	(2,311,517)
Operating profit/(loss) before exceptional items		**110,184**	(252,931)
Exceptional administrative expenses	4	**(624,342)**	(1,197,624)
Operating loss			
Continuing operations	5	**(2,531,241)**	(1,450,555)
Acquisitions		**2,017,083**	—
		(514,158)	(1,450,555)
Interest payable	9	**(369,025)**	(49,463)
Interest receivable	10	**48,873**	29,873
Loss on ordinary activities before taxation		**(834,310)**	(1,470,145)
Taxation	11	**(6,232)**	40,212
Retained loss for the year	25	**(840,542)**	(1,429,933)
Basic loss per share	13	**(0.6)p**	(1.678)p

group statement of total recognised gains and losses

for the year ended 31 March 2005

	2005 £	2004 £
Loss for the period	**(840,542)**	(1,429,933)
Unrealised increase on valuation of investments	**—**	135
Unrealised decrease on valuation of investments	**(249,250)**	(1,118,150)
	(1,089,792)	(2,547,948)

The notes on pages 15 to 36 form part of these financial statements.

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group balance sheet

– 31 March 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Intangible assets	14		**13,231,125**		73,137
Tangible assets	15		**640,541**		304,020
Investments	16		**805,878**		1,798,609
			14,677,544		2,175,766
Current assets					
Stocks	18	**904,806**		518,114	
Debtors	19	**2,110,195**		2,736,663	
Cash at bank and in hand		**559,652**		305,837	
		3,574,653		3,560,614	
Creditors: amounts falling due within one year	21	**(6,445,313)**		(1,492,875)	
Net current (liabilities)/assets			**(2,870,660)**		2,067,739
Total assets less current liabilities			**11,806,884**		4,243,505
Creditors: amounts falling due after more than one year	22		**(3,976,934)**		(1,696,080)
Net assets			**7,829,950**		2,547,425
Represented by:					
Capital and reserves					
Called up share capital	23		**3,233,006**		1,704,267
Share premium account	25		**5,444,443**		4,334,490
Revaluation reserve	25		**2,965**		252,215
Profit and loss account	25		**(850,464)**		(3,743,547)
Shareholders' funds	26		**7,829,950**		2,547,425

Approved by the Board on 19 September 2005

Stephen A Komlósy
Director

John J May
Director

The notes on pages 15 to 36 form part of these financial statements.

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company balance sheet

– 31 March 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	15		**50,146**		53,697
Investments	16		**16,803,595**		3,210,014
			16,853,741		3,263,711
Current assets					
Debtors	19	**2,005,524**		2,605,849	
Cash at bank and in hand		**136,967**		27,955	
		2,142,491		2,633,804	
Creditors: amounts falling due within one year	21	**(4,314,889)**		(684,407)	
Net current (liabilities)/assets			**(2,172,398)**		1,949,397
Total assets less current liabilities			**14,681,343**		5,213,108
Creditors: amounts falling due after more than one year	22		**(5,753,820)**		(2,655,761)
Net assets			**8,927,523**		2,557,347
Represented by:					
Capital and reserves					
Called up share capital	23		**3,233,006**		1,704,267
Share premium account	25		**5,444,443**		4,334,490
Revaluation reserve	25		**2,965**		252,215
Profit and loss account	25		**247,109**		(3,733,625)
Shareholders' funds	26		**8,927,523**		2,557,347

Approved by the Board on 19 September 2005

Stephen A Komlósy
Director

John J May
Director

The notes on pages 15 to 36 form part of these financial statements.

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group cash flow statement

for the year ended 31 March 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Net cash inflow/(outflow) from operating activities	(i)		**2,295,531**		(1,755,610)
Returns on investments and servicing of finance					
Bank interest received		**48,873**		29,873	
Dividends received		**—**		—	
Bank interest paid		**(369,025)**		(38,877)	
Interest element of finance lease payments		**—**		(10,586)	
			(320,152)		(19,590)
Taxation					
Corporation tax paid		**(380,418)**		(132,816)	
Capital expenditure and financial investment					
Payments to acquire tangible assets		**(133,554)**		(54,391)	
Receipts on disposal of tangible assets		**3,800**		7,500	
Payments to acquire investments		**(5,003)**		(16,091)	
Receipts on disposal of investments		**131,102**		157,202	
			(3,655)		94,220
Acquisitions and disposals					
Payments to acquire subsidiary undertaking		**(7,602,935)**		—	
Cash acquired in subsidiary undertakings		**1,016,082**		—	
Deferred consideration		**(156,250)**		—	
			(6,743,103)		—
Net cash outflow before financing			**(5,151,797)**		(1,813,796)
Financing					
Issue of share capital		**1,400,293**		—	
Capital element of finance lease contracts		**(45,878)**		(80,582)	
Increase in borrowings		**4,150,000**		1,300,000	
Bank loan repaid		**(98,803)**		(24,551)	
			5,405,612		1,194,867
Increase/(decrease) in cash for the period			**253,815**		(618,929)
Reconciliation of net cash flow to movement in net funds/(debt)					
Increase/(decrease) in cash for the year			**253,815**		(618,929)
New finance leases			**—**		(113,286)
Movement in bank loans			**(4,051,197)**		(1,275,449)
Decrease in finance leases			**45,878**		80,582
Finance leases acquired with subsidiary			**(35,019)**		—
Movement in net debt			**(3,786,523)**		(1,927,082)
Net debt at 1 April 2004	(ii)		**(1,739,573)**		187,509
Net debt at 31 March 2005	(ii)		**(5,526,096)**		(1,739,573)

The notes on pages 15 to 36 form part of these financial statements.

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notes to the group cash flow statement

for the year ended 31 March 2005

(i) reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2005 £	2004 £
Operating loss	**(514,158)**	(1,450,555)
Depreciation	**145,013**	130,225
Profit on disposal of tangible fixed assets	**(3,800)**	(7,500)
Impairment in the value of investments	**612,659**	1,071,379
Loss on disposal of investments	**—**	25,552
Amortisation of goodwill	**—**	3,883
Decrease/(increase) in debtors	**2,182,378**	(1,317,690)
Increase/(decrease) in creditors	**130,131**	(97,275)
Increase in work in progress	**(256,692)**	(113,629)
Net cash inflow/(outflow) from operating activities	**2,295,531**	(1,755,610)

(ii) analysis of net debt

	At 1 April 2004 £	Cash flow £	Acquisitions £	Other changes £	**At 31 March 2005 £**
Cash at bank and in hand	305,837	(762,267)	1,016,082	—	**559,652**
Net cash flow	305,837	(762,267)	1,016,082	—	**559,652**
Debt due within 1 year	(298,853)	98,803	—	(2,523,737)	**(2,723,787)**
Debt due after 1 year	(1,626,596)	(4,150,000)	—	2,523,737	**(3,252,859)**
Finance lease	(119,961)	45,878	(35,019)	—	**(109,102)**
	(1,739,573)	(4,767,586)	981,063	—	**(5,526,096)**

The notes on pages 15 to 36 form part of these financial statements.

Auditors' report – page 9.

1. accounting policies

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of certain investments and 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 include those of the Company and its subsidiaries from their date of acquisition. All acquisitions of subsidiaries have been accounted for under the acquisition method of accounting.

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

b) turnover

Turnover represents amounts receivable for goods and services net of VAT and 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 and 25% reducing balance
Fixtures, fittings and equipment	15% straight line and 25% reducing balance
Computer equipment	33.3% straight line
Leasehold property	Straight line over the life of the lease
Freehold property	2% 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 matched bargain 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 account 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.

Investments in subsidiary companies are valued at cost less provision for diminution in value.

1. accounting policies (continued)

e) goodwill

Goodwill represents the difference between the fair value of the consideration paid on the acquisition of a business and the fair value of the identifiable net assets acquired.

Goodwill arising on acquisitions is capitalised and subjected to annual impairment reviews under FRS11: Impairment of fixed assets and goodwill. This represents a change in estimation technique from that used in the previous year's accounts which amortised goodwill over an estimated useful life of 20 years. Any excess of goodwill over the value in use of the underlying assets is written off to the profit and loss account. This accounting policy departs from the specific requirements of companies legislation to amortise goodwill over a finite period for the overriding purpose of giving a true and fair view. Goodwill has not been amortised in the period because there is evidence that the goodwill has an indefinite useful life as the estimated increase in projected returns on the investment is in excess of the expected annual discount rate.

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.

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) foreign currency transactions

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

j) deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are recognised to the extent that they are recoverable. No provision is made for deferred tax on the unrealised appreciation of investments.

The deferred tax balance has not been discounted.

k) liquid resources

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

l) research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

m) stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition, including where appropriate, a proportion of manufacturing overheads.

n) pensions

The pension costs charged represent the contribution payable by the Company in the year.

2. segmental analysis

business analysis

	2005 Turnover £	2005 Operating profit/(loss) £	2005 Net operating assets £	2004 Turnover £	2004 Operating profit/(loss) £	2004 Net operating assets £
Property management	—	—	67,400	—	—	72,844
Mortgage provision	—	(37,482)	349	756	1,749	396,854
Specialist electronics	2,031,250	(730,970)	1,213,271	2,934,092	98,775	862,593
Investment management	—	7,896	—	92,504	964	—
Packaging solutions	1,049,206	3,433	101,163	—	—	—
Property search services	4,711,466	725,543	4,109,167	—	—	—
Financial services	68,301	31,580	18,951	—	—	—
Other	—	—	8,040,982	—	—	2,954,710
Before exceptional items	—	110,184	—	—	(354,419)	—
Exceptional items	—	(624,342)	—	—	(1,197,624)	—
	7,860,223	(514,158)	13,551,283	3,027,352	(1,450,555)	4,287,001
Interest bearing assets			559,652			305,837
Interest bearing liabilities			(6,280,985)			(2,045,413)
Net assets			7,829,950			2,547,425

turnover by geographical destination

In the opinion of the directors, it would be seriously prejudicial to the interests of the Group to disclose turnover by geographical segment for the specialist electronics business. All other business is carried out in the UK.

3. cost of sales and administrative expenses

	2005 Total £	Continuing activities £	Acquisitions £	2004 Total £
Cost of sales	3,786,661	834,581	2,952,080	968,766
Administrative expenses				
Non exceptional	3,963,378	3,103,568	859,810	2,311,517
Exceptional	624,342	624,342	—	1,197,624

All activities in 2004 were continuing.

4. exceptional charges/(credits)

	2005 £	2004 £
Investment write downs		
Energy Technique plc	**315,116**	—
Avatar Systems Inc.	**(88,918)**	659,180
Croma Group plc	**(14,904)**	45,085
Harrell Hospitality Group Inc.	**143,913**	395,405
Merchant House Group plc	**152,877**	12,740
Netcentric Systems plc	**116,258**	(41,031)
Other		
Loss on foreclosure of mortgage	**—**	126,245
	624,342	1,197,624

The Group accounting policy for investments is to state them at mid market price at the balance sheet date less any reduction deemed necessary by the directors to reflect their perception of the investments' value. Where this reduces the value of the investment below its cost, the deficit is reflected as a charge to the profit and loss account. This represents the movement in market value of the investments below cost at 31 March 2005.

There is no tax effect of the above investment write downs.

5. operating loss

	2005 £	2004 £
Operating loss is stated after charging/(crediting):		
Auditors' remuneration – audit	**69,501**	31,366
– other services	**86,699**	41,441
Depreciation	**119,641**	130,225
Profit on disposal of fixed assets	**—**	(7,500)
Loss on disposal of investment	**—**	25,552
Loss on exchange differences	**—**	322
Operating lease rentals:		
– Plant & machinery	**3,014**	7,684
– Other assets	**58,819**	64,175
Exceptional charges – note 4	**624,342**	1,197,624
Amortisation of goodwill	**—**	4,848
Research and development	**43,474**	26,079

Remuneration of the Group's auditors for provision of non audit services includes accountancy, taxation and other advice. Non audit fees payable to Milsted Langdon amounted to £66,619. Remuneration for audit services amounted to £23,288.

The auditors' remuneration for audit services includes £8,000 (2004: £12,000) attributable to the audit of Audiotel International Limited; £20,213 attributable to Rochdale Development Company Limited and Moore & Buckle (Flexible Packaging) Ltd and £18,000 to PSG (Franchising) Limited; subsidiaries of London & Boston Investments plc which are not audited by the Group's principal auditors.

6. staff costs

	2005 £	2004 £
Staff costs are made up as follows:		
Wages and salaries	**2,149,877**	1,011,044
Social security costs	**263,599**	107,103
Pension contributions	**16,283**	—
	2,429,759	1,118,147

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

	Number	Number
Management	**6**	4
Administration	**9**	6
Production	**33**	14
Research & development	**8**	8
Sales & marketing	**15**	9
	71	41

At 31 March 2005 the number of persons employed by the Group was 79.

7. pension costs

The Group operates a defined contribution pension scheme in respect of its directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Company and amounted to £16,283 (2004: £nil).

8. directors' remuneration

	Salaries £	Benefits £	**2005 Total** £	2004 Total £
Executive directors				
S A Komlósy	70,000	18,839	**88,839**	148,624
J J May	70,000	78	**70,078**	89,800
Non executive directors				
P L G Cotgrove	20,000	360	**20,360**	15,000
B E Adams	20,000	405	**20,405**	15,000
J Burley	3,333	—	**3,333**	—
Former directors				
G G Dart	—	—	**—**	15,000
	183,333	19,682	**203,015**	283,424

S A Komlósy and J J May both received pension contributions of £7,000 (2004: £nil) in the year relating to 10% of their salaries.

9. interest payable

	2005 £	2004 £
Interest payable on bank loans and overdrafts	**360,974**	38,877
Hire purchase interest	**8,051**	10,586
	369,025	49,463

10. interest receivable

	2005 £	2004 £
Bank interest	**48,873**	29,849
Other interest	**—**	24
	48,873	29,873

11. taxation

	2005 £	2004 £
UK corporation tax at 30% (2004: 30%)	**17,385**	—
Overprovision in prior year	**(24,827)**	(25,889)
Loss relief against prior year profits	**—**	(12,362)
Current tax credit	**(7,442)**	(38,251)
Deferred tax credit	**13,674**	(1,961)
	6,232	(40,212)

The tax for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

Loss on ordinary activities before taxation	**(834,310)**	(1,470,145)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	**(250,293)**	(441,044)
Effects of:		
Expenses not deductible for tax purposes	**178,883**	335,603
Depreciation in excess of capital allowances	**11,417**	2,295
Losses carried forward	**—**	138,625
Tax losses utilised in current year	**(45,832)**	(12,362)
Tax losses in current year	**146,898**	—
Tax losses carried back	**—**	12,362
Movement in short term timing differences	**(424)**	—
Marginal rate relief	**(2,758)**	—
Overprovision in prior year	**(24,827)**	(25,889)
Other tax adjustments	**(20,506)**	(47,841)
	(7,442)	(38,251)

The Company has a carried forward loss for capital gains purposes amounting to £2,427,480 and excess management charges to carry forward of £1,304,181.

12. profit/(loss) of parent company

	2005 £	2004 £
Profit/(loss) on ordinary activities after taxation	**247,109**	(1,446,745)

13. loss per share

The calculation of basic loss per Ordinary share is based on the Group loss of £840,542 (2004: loss of £1,429,933) and the weighted average number of shares in issue during the period of 142,750,641 (2004: 85,213,370). Share options and warrants do not have a dilutive effect.

14. intangible fixed assets

Goodwill

Group:	£
Cost	
At 31 March 2004	77,985
Additions	13,157,988
At 31 March 2005	**13,235,973**
Amortisation	
At 31 March 2004	4,848
Charge for year	—
At 31 March 2005	**4,848**
Net book value	
31 March 2005	**13,231,125**
31 March 2004	73,137

During the current year, the directors carried out impairment reviews using discount rates of 10% on estimated profits based on 10% growth rates, for the next 5 years and reviewed the remaining life of the Audiotel International Limited, Rochdale Development Company Limited, including Moore & Buckle (Flexible Packaging) Limited, PSG (Franchising) Limited and Patersons Financial Services Limited businesses. The directors concluded that, based on the resilience and sustainability of these businesses, the remaining goodwill has an indefinite life and consequently no impairment to the carrying value was necessary.

The effect of the change in policy on current year's amortisation is to reduce it by £526,546. If goodwill had not been amortised from inception, the effect on cumulative amortisation to date would be a reduction of £4,848.

Cumulative goodwill written off against reserves is £4,848 (2004: £4,848).

15. tangible fixed assets

Group:	Freehold land & building £	Leasehold property £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2004	—	75,724	309,850	53,916	439,490
Acquisitions	188,791	—	99,358	51,620	339,769
Additions	—	11,000	132,191	—	143,191
Disposals	—	—	—	(26,798)	(26,798)
At 31 March 2005	**188,791**	**86,724**	**541,399**	**78,738**	**895,652**
Depreciation					
At 1 April 2004	—	8,336	111,867	15,267	135,470
Disposals	—	—	—	(26,798)	(26,798)
Charge for year	3,074	4,168	111,939	27,258	146,439
At 31 March 2005	**3,074**	**12,504**	**223,806**	**15,727**	**255,111**
Net book values					
At 31 March 2005	**185,717**	**74,220**	**317,593**	**63,011**	**640,541**
At 31 March 2004	—	67,388	197,983	38,649	304,020

15. tangible fixed assets (continued)

Company:	Computer equipment £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2004	31,962	12,527	33,820	78,309
Additions	13,858	1,495	—	15,353
At 31 March 2005	**45,820**	**14,022**	**33,820**	**93,662**
Depreciation				
At 1 April 2004	11,572	3,574	9,466	24,612
Charge for year	10,101	2,719	6,084	18,904
At 31 March 2005	**21,673**	**6,293**	**15,550**	**43,516**
Net book values				
At 31 March 2005	**24,147**	**7,729**	**18,270**	**50,146**
At 31 March 2004	20,390	8,953	24,354	53,697

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

Group:	**2005 Net book value £**	**2005 Depreciation charge £**	2004 Net book value £	2004 Depreciation charge £
Motor vehicles	**63,011**	**27,258**	38,650	28,485
Fixtures, fittings and equipment	**134,217**	**48,850**	108,303	31,518
	197,228	**76,108**	146,953	60,003

Company:	**£**	**£**	£	£
Motor vehicles	**18,270**	**6,084**	24,354	6,084
Fixtures fittings and equipment	**—**	**—**	—	—
	18,270	**6,084**	24,354	6,084

16. fixed asset investments

Group:	Listed investments £	Unlisted investments £	Other investments £	Total £
Cost/valuation				
At 1 April 2004	692,549	3,231,478	68,088	3,992,115
Additions	—	5,003	—	5,003
Disposals	(291)	(298,090)	(68,088)	(366,469)
Revaluations	(242,290)	—	—	(242,290)
Transfer	(449,968)	449,968	—	—
At 31 March 2005	**—**	**3,388,359**	**—**	**3,388,359**
Provision for reduction in value				
At 1 April 2004	—	2,125,418	68,088	2,193,506
Provision for year	315,116	309,226	—	624,342
Disposals	—	(167,279)	(68,088)	(235,367)
Transfer	(315,116)	315,116	—	—
At 31 March 2005	**—**	**2,582,481**	**—**	**2,582,481**
Net book values				
At 31 March 2005	**—**	**805,878**	**—**	**805,878**
At 31 March 2004	692,549	1,106,060	—	1,798,609

Company:		2005 £	2004 £
Subsidiaries	i)	**15,997,717**	1,411,410
Other fixed asset investments	ii)	**805,878**	1,798,604
		16,803,595	3,210,014

i) Subsidiaries

	Shares £	Total £
Cost:		
Albion Plaza Limited	2	2
1st Mortgage Company Limited	1,411,407	1,411,407
L & B I Holding Limited	1	1
Rochdale Development Company Limited	357,550	2,842,019
PSG (Franchising) Limited	180	11,606,749
Patersons Financial Services Limited	40,000	137,539
At 31 March 2005	**1,809,140**	**15,997,717**

16. fixed asset investments (continued)

ii) Investments:

other fixed assets

* Name	Shares held	% holding	Weighted average cost per share £	Cost £	Valuation 31 March 2005 £
Unlisted investments – AIM					
1 Energy Technique plc (a)	13,485,160	18.45	0.032	440,334	134,852
2 Netcentric Systems plc	68,386,092	48.94	0.007	465,449	170,963
3 Merchant House Group plc	1,698,640	12.77	0.371	630,200	25,480
4 Croma Group plc	604,342	1.17	0.152	86,973	36,262
				1,622,956	367,557
Unlisted investments – NASD OTC Bulletin Board					
5 Avatar Systems Inc.	1,690,502	19.15	0.672	1,123,113	338,316
6 Harrell Hospitality Group Inc.	1,424,767	10.91	0.449	639,320	100,000
				1,762,433	438,316
Unlisted investment – Private					
Audiotel (UK) Limited	5	100.00	1.000	5	5
Total unlisted investments				3,385,394	805,878

* note reference.

(a) Introduced to the Alternative Investment Market on 30 April 2004.

Investment details:

Investment market values are quoted at the mid-price value quoted on the following Stock Exchange and matched bargain facilities unless stated otherwise below:

1 Energy Technique plc is listed on AIM. On 31 March 2005 the mid-price quoted was 3.25 pence. The directors have considered the value of Energy Technique plc shares and have made a reduction from this price to 1.0 pence to reflect the post balance sheet refinancing of this company.

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 3pence. Any value that may be attributable to these options has not been included in the financial statements. Stephen Komlósy will receive 50% of any realised gain on the sale of the options or the sale of the shares that are the subject of such options. This consideration may be taken by Stephen Komlósy in stock of the Company at the then current market value.

2 Netcentric Systems plc is listed on AIM. On 31 March 2005 the mid-price quoted was 0.25 pence.

3 Merchant House Group plc is listed on AIM. On 31 March 2005 the mid-price quoted was 1.5 pence. The Company sold all its Merchant House Group shares on 1 June 2005 at a price of 3.05 pence per share.

4 Croma Group plc is listed on AIM. On 31 March 2005 the mid-price quoted was 6 pence. The Company had sold 1,850,000 of its original holding in Croma Group at 31 March 2005 at an average price per share of 7.18 pence. The remaining 604,342 shares were sold on 19 April 2005 at an average price of 6 pence per share.

5 Avatar Systems Inc. is listed on NASD OTC Bulletin Board, a matched bargain facility. On 31 March 2005 the average price quoted was $0.42 per share. 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 $1.89 to £1 as at 31 March 2005 has been used.

At 31 March 2004, the Company held options to acquire a further 1,000,000 shares in Avatar Systems Inc. at a price of $1.00. The options lapsed on 10 July 2005. These options were exchanged for 75,000 further ordinary shares during the year.

16. fixed asset investments (continued)

ii) Investments:

Investment details:

6 Harrell Hospitality Group Inc. is listed on NASD OTC Bulletin Board, a matched bargain facility. On 31 March 2005 the average price quoted was $0.40. The directors have considered the value of Harrell Hospitality Group Inc. shares and have made a reduction from this price to a carrying value of £100,000 to reflect the current financial instability of the Company and liquidity of the market in the Company's shares. The exchange rate of $1.89 to £1 as at 31 March 2005 has been used.

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.

Under FRS 9 all investments have been included in the same way at market value. For this reason, even in cases where significant influence is held over a company in which the Company has invested, the investments are not treated as associates.

current investment quoted mid-price on 16 September 2005

Investment	Exchange/ facility	Quoted mid-price(pence)
Energy Technique plc	AIM	1.25
Netcentric Systems plc	AIM	0.23
Avatar Systems Inc.	NASD OTCBB	30.47
Harrell Hospitality Group Inc.	NASD OTCBB	13.85

17. subsidiary undertakings

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

Name of subsidiary **Held directly**	Nominal value of issued ordinary capital £	Date acquired	Principal activity	Country of incorporation
Rochdale Development Company Limited	357,550	15 April 2004	Holding company	England
PSG (Franchising) Limited	180	25 June 2004	Property search	England
Patersons Financial Services Limited	40,000	1 January 2005	Insurance services	England
Albion Plaza Limited	2	21 February 2000	Property development	England
1st Mortgage Company Limited	1,600,000	19 December 2001	Mortgage provider	British Virgin Isles
L & B I Holding Limited	1	31 January 2003	Holding company	England

Held indirectly				
Audiotel International Limited		31 January 2003	Electronics	England
Audiotel (UK) Limited		31 January 2003	Dormant	England
Moore & Buckle (Flexible Packaging) Limited		15 April 2004	Flexible packaging	England

Albion Plaza Limited, 1st Mortgage Company Limited and L & B I Holding Limited, are wholly owned subsidiaries of the Company. Moore & Buckle (Flexible Packaging) Limited is a wholly owned subsidiary of Rochdale Development Company Limited. Audiotel International Limited is a wholly owned subsidiary of L & B I Holding Limited. Audiotel (UK) Limited is a wholly owned subsidiary of Audiotel International Limited.

18. stock

Group:	2005 £	2004 £
Raw materials and consumables	**410,701**	219,508
Work in progress	**247,148**	175,704
Finished goods and goods for resale	**246,957**	122,902
	904,806	518,114

19. debtors

Group:	2005 £	2004 £
Trade debtors	**1,165,767**	531,951
VAT recoverable	**—**	11,215
Deferred tax asset	**—**	13,674
Prepayments and accrued income	**775,884**	405,049
Other debtors	**167,815**	1,508,473
Loans to associated undertakings	**729**	—
Loans to customers (1st Mortgage Co. Limited)	**—**	266,301
	2,110,195	2,736,663

Included within prepayments is an amount totalling £113,658 (2004: £232,992) relating to monies held by the bankers under a deposit agreement in respect of foreign guarantees.

Company:	2005 £	2004 £
Trade debtors	**—**	42,452
VAT recoverable	**—**	11,215
Prepayments and accrued income	**205,909**	126,276
Other debtors	**2,750**	1,303,294
Loan to subsidiary undertakings	**1,796,136**	1,122,612
Loan to associated undertakings	**729**	—
	2,005,524	2,605,849

The above debtors without exception fall due within one year.

20. deferred tax

	2005 £	2004 £
Balance at 1 April 2004	**13,674**	11,713
Profit and loss account	**(13,674)**	1,961
Balance at 31 March 2005	**—**	13,674

	£	£
Accelerated capital allowances	**—**	13,674

No deferred tax is provided on investments that have been revalued. The Group holds a loss for capital gains purposes amounting to £2,427,480 at 31 March 2005 which may be used against the disposal of the revalued investments at 31 March 2005. No corporation tax liability would therefore arise if the Group were to dispose of these investments at the March 2005 value.

21. creditors: amounts falling due within one year

Group: (including convertible debt)	2005 £	2004 £
Bank loans and overdraft	**2,919,024**	298,853
Trade creditors	**808,192**	381,559
Loan from associated company	**—**	168,910
Other creditors	**1,590,203**	159,760
Other taxes and social security	**170,691**	76,308
Corporation tax	**284,084**	—
Net obligations under hire purchase contracts	**63,078**	50,477
Accruals and deferred income	**610,041**	357,008
	6,445,313	1,492,875

Included within Bank loans is an amount in convertible debt for £450,000. The date of redemption is 2 October 2006 with a total amount payable of £540,000. This is convertible, at the election of the lender, into 2 pence Ordinary Shares issued at 4 pence per share, in any proportion of cash to shares as may be elected by the lender from time to time.

The terms of the bank loan are set out in Note 27.

Included within other creditors is an amount of £1,413,250 relating to 'deferred' consideration following the acquisition of Rochdale Development Company Limited, PSG (Franchising) Limited and Patersons Financial Services Limited. Total consideration payable is £2,073,250, of which the remaining £660,000 is shown within other creditors falling due after one year. Payments are staggered throughout the period according to the relevant sale and purchase agreements. £350,000 was paid in April 2005.

Included within the Patersons Financial Services Limited 'deferred' consideration is a 7% Loan Note for £50,000. The date of redemption is 1 January 2006, with a total redemption value of £53,500. Either the Company or the stockholder may elect that the Loan Note and interest accrued thereon be redeemed in ordinary shares to be allotted and issued to the stockholder at the strike price. The ordinary shares shall be issued fully paid and rank pari passu in all respects with the existing ordinary shares of 2 pence. The strike price means the average of mid-market closing prices of the ordinary shares for the ten dealing days immediately preceding the dealing day prior to the date of the conversion notice.

Hire purchase liabilities are secured on the underlying assets.

Company: (including convertible debt)	2005 £	2004 £
Bank loans and overdraft	**2,723,787**	298,853
Trade creditors	**34,627**	80,466
Loan from associated undertaking	**25,000**	168,910
Other creditors	**1,461,197**	59,760
Other taxes and social security	**10,073**	2,426
Net obligations under hire purchase contracts	**5,400**	4,723
Accruals and deferred income	**54,805**	69,269
	4,314,889	684,407

22. creditors: amounts falling due after one year

Group:	2005 £	2004 £
Bank loan	**3,252,859**	1,626,596
Other creditors	**678,051**	—
Net obligations under hire purchase contracts	**46,024**	69,484
	3,976,934	1,696,080

Company:	2005 £	2004 £
Bank loan	**3,252,859**	1,626,596
Other creditors	**660,000**	—
Loan from subsidiary undertakings	**1,827,857**	1,010,661
Net obligations under hire purchase contracts	**13,104**	18,504
	5,753,820	2,655,761

Other creditors relate to the deferred consideration due to the previous owners of PSG (Franchising) Limited.

23. share capital

	2005 Number	2005 £	2004 Number	2004 £
Authorised:				
Ordinary shares of 2p each	**250,000,000**	**5,000,000**	250,000,000	5,000,000
	250,000,000	**5,000,000**	250,000,000	5,000,000
Allotted and called up				
Fully paid Ordinary shares of 2p each	**161,650,304**	**3,233,006**	85,213,370	1,704,267
	161,650,304	**3,233,006**	85,213,370	1,704,267

In June 2004, on the proposed acquisition of PSG, the Company made a Placing and Open Offer. The Company placed 14,285,714 Ordinary Shares of 2 pence at 7 pence per share; and made an Open Offer of 7,101,280 Offer Shares at an Issue Price of 7 pence. The gross proceeds of the Placing and Open Offer were £1,497,090. On acquisition, the Vendors of PSG received an aggregate of 55,045,940 Ordinary Shares.

24. share options and warrants

share options

The Company has authority to grant options or warrants 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 during the period.

'B' Warrants

The 'B' Warrants on Ordinary Shares in issue at 31 March 2005 were as follows:

Name	Shares under warrant as a percentage of issued Ordinary shares at the time of exercise	Exercise price per share
S A Komlósy	7.0%	10p
S A Komlósy	3.5%	4.1125p
J J May	6.0%	10p
J J May	3.5%	4.1125p

24. share options and warrants (continued)

The 'B' Warrants will be exercisable in each of the 30 day periods following 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.

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 person 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.

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 place.

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 'B' Warrants) each holder of 'B' Warrants will be treated as if he had exercised his 'B' Warrants in full immediately before passing of the order or resolution and will be entitled to receive out of the assets available in the liquation pari passu with the holders of the ordinary shares such sum as he would have received if he 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.

25. reserves

Group:	Profit and loss account £	Investment revaluation reserve £	Share premium account £
At 31 March 2004	(3,743,547)	252,215	4,334,490
Additions	—	—	4,843,578
Reduction in share premium	3,733,625	—	(3,733,625)
Loss for the period	(840,542)	—	—
Revaluation on investments during the period	—	(249,250)	—
At 31 March 2005	**(850,464)**	**2,965**	**5,444,443**

Following an Extraordinary General Meeting held on 22 December 2004, shareholders approved by resolution to allow the Company to apply to the High Court for a reduction of capital by £3,733,625 through the share premium account. The Court approved the order on 27 January 2005.

Company:	Profit and loss account £	Investment revaluation reserve £	Share premium account £
At 31 March 2004	(3,733,625)	252,215	4,334,490
Additions	—	—	4,843,578
Reduction in share premium	3,733,625	—	(3,733,625)
Profit for the period	247,109	—	—
Revaluation on investments during the period	—	(249,250)	—
At 31 March 2005	**247,109**	**2,965**	**5,444,443**

25. reserves (continued)

Movements on the investment revaluation reserve comprise as follows:

	£
Energy Technique plc	(248,959)
Friends Provident plc (disposal)	(291)
	(249,250)

26. reconciliation of movements in shareholders' funds

Group:	**2005 £**	2004 £
Loss for the financial period	**(840,542)**	(1,429,933)
Issue of ordinary shares	**1,528,739**	—
Increase in share premium account	**4,843,578**	—
Revaluation of investments	**(249,250)**	(1,118,015)
Increase/(decrease) in shareholders' funds	**5,282,525**	(2,547,948)
Opening shareholders' funds	**2,547,425**	5,095,373
Closing shareholders' funds	**7,829,950**	2,547,425

Company:	**2005 £**	2004 £
Profit/(loss) for the financial period	**247,109**	(1,446,745)
Issue of ordinary shares	**1,528,739**	—
Increase in share premium account	**4,843,578**	—
Revaluation of investments	**(249,250)**	(1,118,015)
Increase/(decrease) in shareholders' funds	**6,370,176**	(2,564,760)
Opening shareholders' funds	**2,557,347**	5,122,107
Closing shareholders' funds	**8,927,523**	2,557,347

27. financial instruments

Interest rate risk profile of financial liabilities

At 31 March 2005 the Group had the following financial liabilities:

	2005 £	2004 £
At fixed interest rates:		
Net obligations under finance leases and hire purchase contracts	**113,661**	119,961
Loan note	**50,000**	—
Bank loan	**450,000**	—

The weighted average rate of interest of the fixed rate financial liabilities is 7% (2004: 10.3%). The weighted average period for which interest rates are fixed is 24 months (2004: 13 months).

27. financial instruments (continued)

	£	£
At floating interest rates:		
Bank overdraft	**67,250**	—
Bank loan	**5,526,646**	1,926,646
	5,593,896	1,926,646

The Group holds an overdraft facility of £150,000.

As at 31 March 2005, the bank loans were secured on the following investments:

11,025,160 Energy Technique plc shares, 1,600,302 Avatar Systems Inc. shares, 604,342 Croma Group plc shares, 1,392,000 Harrell Hospitality Inc. shares, 186,850 Merchant House Group plc shares, and 68,386,092 Netcentric Systems plc shares.

The bank holds a cross guarantee between all group companies.

Interest is charged on the bank loans at the rate of 2% over Barclays Bank plc base rate per annum.

At 31 March 2005, a bank loan of £3,700,000 was repayable over thirty months by equal instalments, commencing December 2004. Since the balance sheet date, the terms have been renegotiated to provide a capital repayment holiday until December 2006.

At 31 March 2005, a bank loan of £1,300,000 issued for 5 years, was repayable over 48 months by equal instalments, commencing January 2004. Since the balance sheet date, the terms have been renegotiated to provide a capital repayment holiday until December 2006.

A further loan of £650,000 was issued in January 2003. This is being repaid in equal instalments over 79 months. Since the balance sheet date, the terms have been renegotiated to provide a capital repayment holiday until December 2006.

The rate of interest payments for floating rate financial liabilities is based on LIBOR.

The weighted average period until maturity for floating rate financial liabilities is 37 months (2004: 79 months).

	2005	2004
	£	£
On which no interest is payable:		
Loan from a connected company	**—**	168,910
Deferred purchase consideration	**2,073,250**	156,250
	2,073,250	325,160

The weighted average period until maturity for liabilities on which no interest is paid is 7 months (2004: 3 months)

interest rate risk profile of financial assets

	2005	2004
	£	£
At fixed interest rates:		
Mortgage loan to customers	**—**	266,301
	—	266,301

All other Group's debtors/creditors falling due within one year (other than bank and other borrowings) are excluded from the above tables due to the exclusion of short term items or because they do not meet the definition of a financial liability.

27. financial instruments (continued)

	2005 £	2004 £
At floating interest rates:		
Cash at bank	**559,652**	305,837

The rate of interest payments for floating rate financial assets is based on LIBOR.

maturity of financial liabilities

	2005		2004	
	Group £	Company £	Group £	Company £
Bank and other loans: (excluding Group debt)				
In one year or less	**2,723,787**	**2,723,787**	298,803	298,803
Between one and two years	**1,903,792**	**1,903,792**	407,124	407,124
From two to five years	**1,316,401**	**1,316,401**	1,221,371	1,221,371
Over five years	**32,666**	**32,666**	131,484	131,484
	5,976,646	**5,976,646**	2,058,782	2,058,782
Finance leases				
In one year or less			54,859	4,723
Between one and two years			60,571	5,400
From two to five years			13,104	13,104
			128,534	23,227

borrowing facilities
The Group had a bank overdraft facility at 31 March 2005 of £150,000 (2004: £nil).

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.

currency exposure
The Group make sales and negligible loans in foreign currency denominations.

The Group does not hedge against fluctuations in these currency rates.

At 31 March 2005 and 31 March 2004 the Group's exposure on such monetary assets that could give rise to net currency gains or losses was negligible.

interest risk exposure
Financial instruments are selected by the directors in order to minimise the Company's exposure to financial risk. Principal borrowings are taken at floating interest rates to protect the Company from any rate reductions in the future and to provide a robust negotiating position with lenders.

28. financial commitments

Operating leases:

Group:	Land & Buildings 2005 £	2004 £	Other 2005 £	2004 £
Within one year	**8,000**	—	**9,016**	3,369
In the second to fifth year	**—**	—	**5,476**	1,172
After five years	**56,000**	48,600	**—**	—
	64,000	48,600	**14,492**	4,541

S A Komlósy, a Director of the Company, has given a personal guarantee up to £300,000 against the Company's bank borrowings. The Company has formally indemnified Mr Komlósy against any loss as a result of this guarantee.

29. transactions with directors

S A Komlósy, a Director of the Company, has provided a personal guarantee up to £300,000 for the Company's bank loans. The Company indemnifies him of any personal loss as a result of this guarantee.

J J May, a Director of the Company, was also a director of Croma Group plc. During the year the Company has charged consultancy fees to Croma Group plc and its subsidiary, Croma Optical Limited, of £10,000. At 31 March 2005 the balance due from Croma Group plc was £nil (2004: £1,175). J J May made charges in connection with consultancy of Croma Group plc of £5,000 during the year. J J May retired as director of Croma Group plc on 5 April 2005.

S A Komlósy, a Director of the Company, is also a director of Energy Technique plc. During the year the Company charged consultancy fees of £7,500 to Energy Technique plc. At 31 March 2005 the balance due from Energy Technique plc was £nil (2004: £5,875). S A Komlósy made charges in connection with consultancy in connection with Energy Technique plc of £13,125 during the year.

S A Komlósy and J J May, Directors of the Company, are also directors of Netcentric Systems plc. During the year the Company charged Netcentric Systems plc £25,000 for administrative support. The balance due from Netcentric Systems plc at 31 March 2005 was £729 (2004: £634).

S A Komlósy through General Trading Corporation Limited, a company in which he is a Director, and J J May, both Directors of the Company, both made charges in connection with consultancy, in connection with the acquisition of PSG (Franchising) Limited, of £43,750 during the year, relating to their personal management of that company during the period 1 January 2004 to when PSG was acquired, in June 2004.

S A Komlósy through General Trading Corporation Limited, a company in which he is a Director, and J J May, both Directors of the Company, both made charges in connection with consultancy, in connection with the acquisition of Patersons Financial Services Ltd of £10,000 during the year, relating to their personal management of that company during the period 1 October 2004 to when Patersons was acquired in January 2005.

S A Komlósy through General Trading Corporation Limited, a company in which he is a Director, made charges in respect of consultancy of £80,000 in the year to London & Boston Investments plc.

J J May, trading as John J May Chartered Accountants, made charges in respect of consultancy of £80,000 in the year to London & Boston Investments plc.

30. acquisitions

Rochdale Development Company Limited and Moore & Buckle (Flexible Packaging) Limited

On 15 April 2004 London & Boston acquired 100% of the issued share capital of Rochdale Development Company Limited, and its wholly owned subsidiary, Moore & Buckle (Flexible Packaging) Limited. Moore & Buckle (Flexible Packaging) Limited specialise in short line, bespoke packaging solutions. They have been consistently profitable for the past 20 years.

30. acquisitions (continued)

The consideration paid or payable is as follows:

(i) an initial consideration of £4,408,067 cash.
(ii) a further consideration of £1,600,000 cash and £294,000 cash.
(iii) further payments of £1,000,000 deferred subject to performance. The directors have reviewed the performance of Moore & Buckle (Flexible Packaging) Limited and considered that a reduction of the deferred consideration to £450,000 is appropriate.

The effective net cost to L&BI of this transaction was £2,477,761.

The Rochdale Development Company Limited group has been consolidated using the acquisition method. The fair value on acquisition to the Group was as follows:

	Book value of assets acquired from Rochdale Development Company Limited £	Book value of assets acquired from Moore & Buckle (Flexible Packaging) Limited £	Fair value to the Group £
Tangible fixed assets	—	51,926	51,926
Stock	—	130,000	130,000
Debtors	15,300	240,024	255,324
Deposits and cash	4,648,901	163,408	4,812,309
Creditors	(88,269)	(444,719)	(532,988)
	4,575,932	140,639	4,716,571
Goodwill			2,477,761
			7,194,332

Satisfied by:

	£
Cash including costs of acquisition	1,777,761
Deferred consideration	700,000
Net current assets acquired	4,716,571
	7,194,332

From the date of acquisition to 31 March 2005, Rochdale Development Company Limited and Moore & Buckle (Flexible Packaging) Limited contributed £1,049,206 to turnover, £3,433 to operating profit, £2,451 to profit before tax and £18,238 to profit after tax. In its last financial year to 31 March 2004, Rochdale Development Company Limited and Moore & Buckle (Flexible Packaging) Limited made a trading profit before tax of £774,622. For the period since that date to the date of acquisition, Rochdale Development Company Limited and Moore & Buckle (Flexible Packaging) Limited's management accounts showed:

	£
Turnover	77,460
Operating profit	64,225
Profit before taxation	68,411
Taxation	(17,849)
Profit after taxation	50,562

30. acquisitions (continued)

PSG (Franchising) Limited (trading as Property Search Group)

The acquisition of PSG (Franchising) Limited was completed on 25 June 2004. PSG is one of the UK's leading providers of private property searches to solicitors and conveyancers. The business comprises "PSG Franchising", the franchisor for England and Wales, as well as undertaking searches in the Huddersfield and Leeds area directly. The consideration paid or payable is as follows:

(i) an initial consideration of £4,500,000 cash.
(ii) further payments of £990,000 deferred.
(iii) the issue of 55,045,940 Ordinary shares of 2p each at 9.0325p per share.

The effective net cost to L&BI of this transaction was £10,575,335.

PSG (Franchising) Limited has been consolidated using the acquisition method. The fair value on acquisition to the Group was as follows:

	Book value of assets acquired from PSG (Franchising) Limited £	Fair value to the Group £
Tangible fixed assets	296,054	296,054
Debtors	1,300,531	1,300,531
Deposits and cash	542,460	542,460
Creditors	(1,012,165)	(1,012,165)
	1,126,880	1,126,880
Goodwill		10,575,335
		11,702,215

Satisfied by:

	£
Cash including costs of acquisition	4,896,965
Deferred consideration	990,000
Issue of share capital	4,972,000
Net current assets acquired	843,250
	11,702,215

From the date of acquisition to 31 March 2005, PSG (Franchising) Limited contributed £4,711,466 to turnover, £725,543 to operating profit, £731,222 to profit before tax and £491,835 to profit after tax. In its last financial year to 31 March 2004, PSG (Franchising) Limited made a profit before tax of £527,244. For the period since that date to the date of acquisition, PSG (Franchising) Limited's management accounts showed:

	£
Turnover	1,359,383
Operating profit	555,975
Profit before taxation	557,506
Taxation	(167,252)
Profit after taxation	390,256

30. acquisitions (continued)

Patersons Financial Services Ltd

The acquisition of Patersons Financial Services Ltd, a general insurance broker, was completed in January 2005. The consideration paid or payable is as follows:

(i) an initial consideration of £10,000 cash
(ii) issue of £50,000 7% convertible Loan Note
(iii) payment of £40,000 cash deferred.

The effective net cost of this transaction to L&BI was £104,892.

Patersons Financial Services Ltd has been consolidated using the acquisition method. The fair value on acquisition to the Group was as follows:

	Book value of assets acquired from Patersons Financial Services Ltd £	Fair value to the Group £
Debtors	13,729	13,729
Deposits and cash	43,380	43,380
Creditors	(24,462)	(24,462)
	32,647	32,647
Goodwill		104,892
		137,539

Satisfied by:	£
Cash including costs of acquisition	47,539
Deferred consideration	90,000
	137,539

From the date of acquisition to 31 March 2005, Patersons Financial Services Limited contributed £68,301 to turnover, £30,607 to operating profit, £30,607 to profit before tax and £26,112 to profit after tax. In its last financial year to 31 March 2004, Patersons Financial Services Limited made a loss before tax of £6,246. For the period since that date to the date of acquisition, Patersons Financial Services Limited's management accounts showed:

	£
Turnover	48,233
Operating loss	790
Loss before taxation	769
Taxation	(10)
Loss after taxation	759

notice of annual general meeting

for 2005

Notice is given to all shareholders that the Annual General Meeting of London & Boston Investments plc ("the Company") for 2005 will be held at the offices of Wallace LLP, One Portland Place, London W1B 1PN on 28 October 2005 at 5pm for the transaction of the following business resolutions 1-6 inclusive of which will be proposed as ordinary resolutions and resolution 7 will be proposed as a special resolution:

ordinary business

1. To receive the Company's annual accounts for the financial year ended 31 March 2005 together with the last directors' report and the auditors' report on those accounts.

2. To re-appoint Julie Amanda Hester as a director of the Company, who retires by rotation at the Annual General Meeting.

3. To re-appoint Milsted Langdon, Chartered Accountants and Registered Auditors, as auditors of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company and to authorise the directors to determine the auditors' remuneration.

special business

4. That the authorised share capital of the Company be increased from £5,000,000 to £10,000,000 by the creation of 250,000,000 ordinary shares of 2 pence each ranking pari passu with the existing ordinary shares of 2 pence each in the capital of the Company.

5. That every 5 of the issued and un-issued ordinary shares of 2 pence each in the capital of the Company be consolidated so as to become 1 ordinary share of 10 pence each in the capital of the Company, each having the same rights and being subject to the same restrictions as are set out in the articles of association of the Company as amended by this resolution and the directors are hereby empowered to aggregate and sell for the benefit of the Company all fractions of an ordinary share arising on such consolidation and for the purposes of such sale any director is authorised to execute an instrument of transfer of ordinary shares representing fractions.

6. That the directors be generally and unconditionally authorised, pursuant to section 80 of the Companies Act 1985 ("the Act"), to allot relevant securities (as defined in that section) up to a maximum nominal amount equal to the nominal amount of the unissued share capital of the Company following the passing of this resolution provided that this authority shall expire fifteen months from the date of this resolution or at the Company's next Annual General Meeting, if earlier, and that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement notwithstanding that the authority conferred hereby has not expired and that this authority shall be in substitution of all previous authorities conferred upon the directors pursuant to the said Section 80.

7. That the directors be authorised pursuant to section 95(1) of the Act, to allot equity securities (as defined in section 94(2) of that Act) as if section 89(1) of the Act did not apply to such allotment, provided that this power should be limited to the allotment of equity securities:

    7.1. in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as maybe) to the respective numbers of ordinary shares held by them, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depository receipts or any other matter whatsoever; and

7.2. other than under resolution 7.1, to a maximum nominal amount equal to the nominal amount of the unissued share capital of the Company following the passing of this resolution, such authority shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the date occurring fifteen months from the date of this resolution, whichever is the earlier, save that the Company may, prior to such expiry make an offer or arrangement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer or arrangement notwithstanding that the power conferred hereby has expired.

By order of the board

John J May

Registered No: 3170812
Registered Office:
Winchester House
Deane Gate Avenue
Taunton
Somerset TA1 2UH

Notes:

1. A member entitled to attend and vote at the meeting convened by the notice set out above may appoint a proxy to attend and, on a poll, to vote, instead of him. A proxy need not be a member of the Company.

2. A form of proxy is provided. To be effective, the form of proxy must be received at the office of the Company's Registrars, Capita IRG Plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH not less than 48 hours before the time fixed for the annual general meeting. Completion of the form of proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.

3. The register of interests of the directors and their families in the share capital of the Company and copies of contracts of service of directors with the Company or with any of its subsidiary undertakings will be available for inspection at the registered office of the Company during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the meeting.

4. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 48 hours before the date of the meeting, or, if the meeting is adjourned, shareholders entered on the Company's register of members not less than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting.

form of proxy

I/We...
(PLEASE INSERT FULL NAMES IN BLOCK CAPITALS

of..

being (a) member(s) of London & Boston Investments plc hereby appoint the Chairman of the Meeting, or,

failing him, ..., as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 28 October 2005 and at any adjournment thereof, I/We direct my/our proxy to vote as follows:

Resolutions		*For	*Against
Resolution 1 (Ordinary)	To receive the financial statements, Directors' report, and auditors' report		
Resolution 2 (Ordinary)	To re-appoint Julie Amanda Hester as a Director of the Company		
Resolution 3 (Ordinary)	To re-appoint Messrs Milsted Langdon as auditors of the Company		
Resolution 4 (Ordinary)	Authority to increase authorised share capital		
Resolution 5 (Ordinary)	Authority to consolidate shares		
Resolution 6 (Ordinary)	Authority to allot shares		
Resolution 7 (Special)	Disapplication of pre-emption rights		

*Please indicate with an X in spaces provided how you wish your votes to be cast. If you do not do so, the proxy may vote or abstain as he thinks fit on the above-mentioned resolutions.

Dated this ....Day of 2005

Signed ....

Notes:

1. To be valid, this proxy, duly completed and signed, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, should be deposited at Capita Registrar (Proxies), PO Box 26, Beckenham, Kent BR3 4BR, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

2. If the member is a corporation, this form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.

3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members.

4. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he thinks fits or, at his discretion, abstain from voting.

5. A proxy need not be a member of Company. Appointment of a proxy will not preclude a member from attending and voting in person at the meeting.

Second fold

BUSINESS REPLY SERVICE
Licence No. MB 122

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Beckenham
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First fold

Third fold and tuck in

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