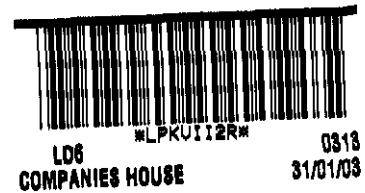


HARAS INVESTMENTS LIMITED

Report and Financial Statements

31 March 2002



**Deloitte & Touche
Cambridge**

**(- 27/01/03)
AC02hil4**

REPORT AND FINANCIAL STATEMENTS 2002

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DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 31 March 2002.

ACTIVITIES

The principal activities of the company have been the making and holding of investments. Since the year end there have been no changes in its activities.

REVIEW OF DEVELOPMENTS

During the year the company continued its principal activities.

At present, there are no plans to extend the scope of its operations.

DIVIDENDS

The director recommends the declaration of a dividend of £77 on the 7% preference shares of £1 and £144,000 on the ordinary shares of £1.

DIRECTOR AND HIS INTERESTS

Mr J H Williamson was sole director of the company throughout the year and at no time had any interest in the share capital of the company.

Mr J H Williamson's interest in the share capital of Cadastra Limited, the ultimate parent company of the group, is shown in the directors' report of that company.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

United Kingdom company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to :

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

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

Approved by the Director
and signed on his behalf

for CADASTRA LIMITED

J. Williamson
DIRECTOR/SECRETARY

Secretary

Leda House
Station Road
Cambridge CB1 2RN

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HARAS INVESTMENTS LIMITED**

We have audited the financial statements of Haras Investments Limited for the year ended 31 March 2002 which comprise the profit and loss account, the statement of movements on reserves, the balance sheet and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the director and auditors

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 if, in our opinion, the director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

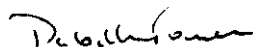
Basis of audit opinion

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and
Registered Auditors

Cambridge

31 JANUARY 2003

PROFIT AND LOSS ACCOUNT**Year ended 31 March 2002**

	Note	2002 £	2001 £
Bank interest receivable		-	14,780
Income from fixed asset investments		-	3,300
Dividend from subsidiaries		7,775,529	-
Tax repayment supplement		-	34
Administration costs		-	(5,000)
Provision against shares in subsidiary		(166,000)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,609,529	13,114
Tax on profit on ordinary activities	2	-	-
PROFIT FOR THE FINANCIAL YEAR		7,609,529	13,114
Dividends	5	144,077	77
PROFIT FOR THE YEAR TRANSFERRED TO RESERVES		7,465,452	13,037

All amounts derive from continuing operations.

There are no recognised gains and losses other than as shown in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses is given.

STATEMENT OF MOVEMENTS ON RESERVES**Year ended 31 March 2002**

	Profit and loss account £
At 1 April 2001	1,297,349
Profit for the year	7,465,452
At 31 March 2002	8,762,801

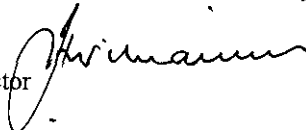
BALANCE SHEET
31 March 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Investments	6	109,300	-
CURRENT ASSETS			
Debtors :			
Amount due from parent company:			
falling due within one year		-	787,808
falling due after more than one year		15,663,440	-
Amount due from fellow subsidiary company:			
falling due within one year		492,375	2,940
falling due after more than one year		-	8,008,838
Tax recoverable		660	660
		<u>16,156,475</u>	<u>8,800,246</u>
CREDITORS: amounts falling due within one year			
Dividends		1,694	1,617
		<u>16,154,781</u>	<u>8,798,629</u>
NET CURRENT ASSETS		<u>16,154,781</u>	<u>8,798,629</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>16,264,081</u>	<u>8,798,629</u>
CAPITAL AND RESERVES			
Called up share capital	7	7,501,280	7,501,280
Profit and loss account		8,762,801	1,297,349
TOTAL SHAREHOLDERS' FUNDS		<u>16,264,081</u>	<u>8,798,629</u>
Shareholders' funds are attributable to:			
Equity shareholders' funds		16,262,876	8,797,424
Non-equity shareholders' funds		1,205	1,205
		<u>16,264,081</u>	<u>8,798,629</u>

These financial statements were approved by the Director on

28 January 2003

Director



NOTES TO THE ACCOUNTS**Year ended 31 March 2002****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Basis of preparing the financial statements

The financial statements are prepared under the historical cost convention and on the basis of the company continuing as a going concern.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Consolidation

Consolidated accounts of the company and its subsidiaries and a cash flow statement have not been prepared as the company was, at the year end, a wholly owned subsidiary of a body corporate registered in England and Wales that prepares group accounts.

2. TAX ON PROFIT ON ORDINARY ACTIVITIES

The 2002 charge is nil as there are no taxable profits. The tax charge for the 2001 has been reduced to nil by the availability of group relief for which no payment has been made.

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK 30% (2001 - 30%). The differences are explained below.

	2002 %	2001 %
Standard rate of tax for year as a percentage of profits	30	30
Effects of:		
UK dividend income	(30)	-
Group relief	-	(30)
	<u>-</u>	<u>-</u>
Current tax rate for year as a percentage of profits	<u>-</u>	<u>-</u>

The company has unutilised agreed capital losses of £6,026,022 which are available to be carried forward and set against future capital profits.

3. DIRECTOR'S REMUNERATION

Mr J H Williamson was the sole director throughout the year. No remuneration was paid to him by the company in this year or the previous year.

4. AUDIT FEE

No provision for audit fee has been included in these accounts as the liability is borne by the ultimate parent company.

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

5. DIVIDENDS

	2002 £	2001 £
On equity shares		
Proposed on the ordinary shares	144,000	-
On non equity shares		
Proposed on the 7% preference shares	77	77
	<u>144,077</u>	<u>77</u>

6. FIXED ASSET INVESTMENTS

	Shares in subsidiary companies £
Cost	
Acquired during the year and at 31 March 2002	275,300
Provision	
Provided in the year and at 31 March 2002	166,000
Net book value	
At 31 March 2002	<u>109,300</u>

7. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised		
7,500,040 ordinary shares of £1 each	7,500,040	7,500,040
60 non-voting 'A' ordinary shares of £1 each	60	60
50 participating preference shares of £1 each	50	50
1,100 7% preference shares of £1 each	1,100	1,100
75 preferred preference shares of £1 each	75	75
	<u>7,501,325</u>	<u>7,501,325</u>
Called up, allotted and fully paid		
7,500,015 ordinary shares of £1 each	7,500,015	7,500,015
60 non-voting 'A' ordinary shares of £1 each	60	60
30 participating preference shares of £1 each	30	30
1,100 7% preference shares of £1 each	1,100	1,100
75 preferred preference shares of £1 each	75	75
	<u>7,501,280</u>	<u>7,501,280</u>

The preference shares shall rank in priority to the ordinary shares as regards Capital as well as Dividend, but shall not carry any further right to participate in the profits or assets of the company. The holders of the preference shares do not have the right to attend or vote at any General Meeting unless the meeting is convened for reducing the Capital or winding up, or sanctioning a sale or amalgamation of the company or where the proposal to be submitted to the Meeting directly affects the rights and privileges of the holders of the shares.

NOTES TO THE ACCOUNTS
Year ended 31 March 2002

8. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company and immediate controlling party of Haras Investments Limited is Cadastra Limited, which is registered in England and Wales. Copies of the group financial statements of Cadastra Limited are available from Leda House, Station Road, Cambridge.

The ultimate controlling party is Mr J H Williamson.

9. SUBSIDIARIES as at 31 March 2002

Milk Street Holdings Limited	Dormant
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Leda Investments Limited	Holding investment
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All subsidiaries are 100% owned and are registered in England and Wales.

10. RELATED PARTY DISCLOSURES

The company is exempt from disclosing details of transactions with its ultimate parent company, Cadastra Limited, together with its subsidiaries, because copies of Cadastra Limited group financial statements are available at Leda House, Station Road, Cambridge.