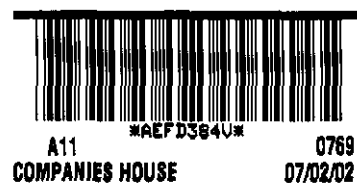


IAF Securities Limited

Report and Financial Statements

For the year ended

30 June 2001



IAF Securities Limited

Registered No: 2400738

DIRECTORS

D.L. Massie
P.G. Glossop
V.J. Maguire
C.J. Spence

SECRETARY

V.J. Maguire

REGISTERED OFFICE

Fitzroy House
18-20 Grafton Street
Mayfair
London
W1X 3LE

BANKERS

National Westminster Bank PLC
1 Princes Street
London EC2R 8PA

IAF Securities Limited

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 30 June 2001.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be those of an investment and foreign exchange/treasury dealing company. The directors are satisfied with the performance of the company.

RESULTS AND DIVIDENDS

The results of the company for the year are set out in detail on page 4. The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and their interests in the share capital of the company were as follows:

	£1 Ordinary shares	
	2001	2000
D.L. Massie	-	-
P.G. Glossop	-	-
V.J. Maguire	-	-
C.J. Spence	-	-

The directors' interests in the shares of IAF Group plc are disclosed in the accounts of that company. The directors have no direct interests in other group companies.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing those accounts, the directors are required to:

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

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

AUDITORS

A resolution to reappoint Horwath Clark Whitehill as auditors will be put to the member at the Annual General Meeting.

This report was approved by the board on 26 October 2001.


V. J. Maguire

Director

IAF Securities Limited

REPORT OF THE AUDITORS

to the shareholder of IAF Securities Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention, as modified by the carrying of listed investments at market value, and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

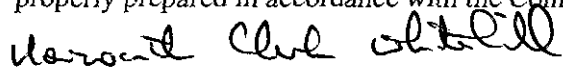
Basis of opinion

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

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

Unqualified Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Horwath Clark Whitehill

Chartered Accountants and Registered Auditors
London

26 October 2001

IAF Securities Limited**PROFIT AND LOSS ACCOUNT**

for the year ended 30 June 2001

	Notes	2001 £	2000 £
TURNOVER	2	339,048	475,950
Administrative expenses		(250,057)	(4,096)
OPERATING PROFIT	3	88,991	471,854
Interest receivable		5,048	15,734
Interest payable	4	(446)	(80)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		93,593	487,508
Tax on profit on ordinary activities	5	(113)	(113)
PROFIT FOR THE YEAR		93,480	487,395
RETAINED PROFIT FOR THE YEAR	10	93,480	487,395

Continuing operations

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

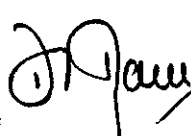
Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

IAF Securities Limited**BALANCE SHEET**

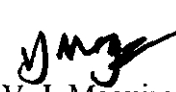
as at 30 June 2001

	Notes	2001 £	2000 £
CURRENT ASSETS			
Debtors	6	956,384	589,594
Investments held as current assets	7	141,546	120,324
Cash at bank and in hand		127,947	153,601
		<u>1,225,877</u>	<u>863,519</u>
CREDITORS: amounts falling due within one year			
	8	(270,386)	(1,508)
NET CURRENT ASSETS		<u>955,491</u>	<u>862,011</u>
		<u>955,491</u>	<u>862,011</u>
CAPITAL AND RESERVES			
Called up share capital	9	1,000	1,000
Profit and loss account	10	954,491	861,011
Shareholder's funds:			
Equity		<u>955,491</u>	<u>862,011</u>
	11	<u>955,491</u>	<u>862,011</u>



D. L. Massie
Director

Approved by the board on 26 October 2001



V. J. Maguire
Director

IAF Securities Limited

Notes to the Accounts

for the year ended 30 June 2001

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with the historical cost convention, as modified by the carrying of listed investments at market value, and in compliance with applicable UK Accounting Standards. The principal accounting policies which the directors have adopted within that convention are set out below.

Investments

Listed investments are stated at the middle market value at the balance sheet date. Other investments are stated at the lower of cost or net realisable value.

Dividend income

Income from investments is taken into account on an ex-dividend basis.

Taxation

The charge for the year is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Deferred taxation is provided in full under the liability method.

Foreign currencies

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Sterling at the rates of exchange ruling at that date. These translation differences are dealt with in the profit and loss account.

2 TURNOVER

Turnover represents profit or loss on dealings, dividend income and the movement in unrealised depreciation on investments held at the balance sheet.

IAF Securities Limited

Notes to the Accounts

for the year ended 30 June 2001

3 OPERATING PROFIT

Auditors' remuneration was paid by the parent undertaking in the current and previous periods.

No directors received emoluments from the company in the year (2000 - £nil). The costs of directors who are also directors of other group undertakings are borne in those undertakings.

4 INTEREST PAYABLE	2001 £	2000 £
Other loans	446	80

5 TAXATION	2001 £	2000 £
UK corporation tax - current	-	113
UK corporation tax - prior year	113	-
	113	113

The tax charge has been reduced due to the availability of group relief from fellow subsidiary companies.

6 DEBTORS	2001 £	2000 £
Amounts owed by group undertakings	14,118	-
Amounts due from parent undertaking	942,266	549,546
Other debtors	-	40,048
	956,384	589,594

IAF Securities Limited

Notes to the Accounts

for the year ended 30 June 2001

7 INVESTMENTS HELD AS CURRENT ASSETS	2001	2000
	£	£
Listed investments	141,546	98,224
Unlisted investments	-	22,100
	<u>141,546</u>	<u>120,324</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2001	2000
	£	£
Amounts owed to group undertakings	200,000	-
Other creditors	70,386	-
Accruals and deferred income	-	1,508
	<u>270,386</u>	<u>1,508</u>

9 SHARE CAPITAL	2001	2000	2001	2000
	No	No	£	£
Authorised:				
Ordinary shares of £1 each	1,000	1,000	<u>1,000</u>	<u>1,000</u>
	2001	2000	2001	2000
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

IAF Securities Limited

Notes to the Accounts

for the year ended 30 June 2001

10 PROFIT AND LOSS ACCOUNT	2001	2000
	£	£
At 1 July	861,011	373,616
Retained profit	93,480	487,395
At 30 June	<u>954,491</u>	<u>861,011</u>

11 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS	2001	2000
	£	£
At 1 July	862,011	374,616
Profit for the financial year	93,480	487,395
At 30 June	<u>955,491</u>	<u>862,011</u>

12 RELATED PARTY TRANSACTIONS

The company is exempt from disclosing its transactions with fellow group undertakings as a result of it being a 100% subsidiary of IAF Group plc.

13 ULTIMATE PARENT UNDERTAKING

The results of the company are included in the consolidated financial statements of IAF Group plc, a company registered in England, which is the company's ultimate parent undertaking.