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Company Number: 2424275

SALMON DEVELOPMENTS PLC

FINANCIAL STATEMENTS

31 DECEMBER 2001



Bessler Hendrie
Chartered Accountants

River House
6 Walnut Tree Park
Walnut Tree Close
Guildford
Surrey GU1 4TW

SALMON DEVELOPMENTS PLC

DIRECTORS AND OFFICERS

DIRECTORS

D J Stewart
R F Henderson
S K Kuntze
R A Martin
P A Pollard
K P Stoodley

SECRETARY

P A Pollard

REGISTERED OFFICE

46 Mount Street
London W1K 2HH

AUDITORS

Bessler Hendrie
Chartered Accountants
River House
6 Walnut Tree Park
Walnut Tree Close
Guildford
Surrey GU1 4TW

SALMON DEVELOPMENTS PLC**DIRECTORS' REPORT**

The directors submit their report and the financial statements of the Group for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The Group carries on business as property developers and dealers.

REVIEW OF THE BUSINESS

The directors are satisfied with the continued level of business and profitability of its associated company Salmon Harvester Properties Limited and its subsidiary companies.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £523,016 (2000: £2,907,071).

The directors do not recommend the payment of a final dividend on the ordinary shares. Dividends totalling £Nil (2000: £1,500,000) were paid to preference and ordinary shareholders in the year. The retained profit of £523,016 (2000: £1,407,071) was transferred to reserves.

DIRECTORS

The following directors have held office since 1 January 2001:-

C P Oliver	(resigned 4 January 2002)
D R J Baird	(resigned 4 January 2002)
D J Stewart	
R F Henderson	
S K Kuntze	
R A Martin	(resigned 25 July 2001, appointed 5 January 2002)
P A Pollard	(appointed 5 January 2002)
K P Stoodley	(appointed 2 January 2001)

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the company, including beneficial interests, were as follows:-

	Share Category	31 December 2001	1 January 2001
C P Oliver	'A' Preference	25,000	25,000
	'A' Ordinary	350	350
D R J Baird	'B' Preference	25,000	25,000
	'B' Ordinary	380	380
D J Stewart	'C' Ordinary	220	220
R F Henderson	'D' Ordinary	50	50

SALMON DEVELOPMENTS PLC**DIRECTORS' REPORT (continued)**

POLITICAL AND CHARITABLE CONTRIBUTIONS

The group made £375 (2000: £1,943) of charitable donations during the year.

POST BALANCE SHEET EVENTS

At an Extraordinary General Meeting of the company on 4 January 2002, the following Special Resolutions were passed:

That the company purchase share capital with a nominal value of £50,730 from the shareholders for cancellation; consisting of the following:

25,000 "A" Preference Shares, 350 "A" Ordinary Shares, 25,000 "B" Preference Shares and 380 "B" Ordinary Shares for a total consideration of £5,312,248.

That the company change the Articles of Association so that the Authorised Share Capital of the company of £51,000 was reclassified into the following shares:

50,000 Ordinary Shares of £1, 730 Preference Shares of £1 and 270 Participating Preference Ordinary Shares of £1.

The company's former ordinary "C" and "D" shares of £1 were re-designated Participating Preference Ordinary Shares of £1.

The 730 Preference Shares of £1 were allotted at par value. The 50,000 Ordinary Shares of £1, were allotted partly-paid at 25p per share.

All the Special Resolutions were passed at the meeting and the Company Secretary was instructed to lodge the appropriate forms to reflect the above changes at Companies House. It was noted that a net transfer of £37,500 from profit and loss account to capital redemption reserve was required to reflect the nominal value of the share capital purchased by the company for cancellation and the subsequent allotment of new share capital which raised £13,230.

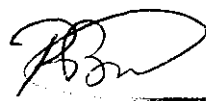
CREDITORS PAYMENT POLICY

Trade creditors are settled in accordance with their agreed payment terms.

AUDITORS

A resolution to re-appoint Bessler Hendrie, Chartered Accountants, who were appointed during the year, will be put to the members at the Annual General Meeting.

By order of the Board



P A Pollard

Secretary

29 May 2002

SALMON DEVELOPMENTS PLC**DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF
FINANCIAL STATEMENTS**

Company law requires the 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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of 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.

SALMON DEVELOPMENTS PLC

**AUDITORS' REPORT TO THE MEMBERS OF
SALMON DEVELOPMENTS PLC**

We have audited the financial statements on pages 6 to 18.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 2001 and of the profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Bessler Hendrie

Registered Auditor
Chartered Accountants
River House
6 Walnut Tree Park
Walnut Tree Close
Guildford
Surrey GU1 4TW

29 May 2002

SALMON DEVELOPMENTS PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

	Notes	2001	2000
TURNOVER		10,779,679	27,600,709
Less: Share of associate		(9,280,198)	(26,258,476)
GROUP TURNOVER		1,499,481	1,342,233
Cost of sales		(231,775)	(794,537)
GROSS PROFIT		1,267,706	547,696
Other operating income	2	766,109	792,631
		2,033,815	1,340,327
Administrative expenses		(2,281,403)	(2,477,530)
OPERATING LOSS	3	(247,588)	(1,137,203)
Share of associate's operating profit		670,116	5,696,356
Interest receivable	4	354,246	264,381
Interest payable	5	(65,681)	(10,271)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		711,093	4,813,263
Taxation	7	(188,077)	(1,906,192)
PROFIT FOR THE FINANCIAL YEAR		523,016	2,907,071
Dividends	8	-	(1,500,000)
RETAINED PROFIT FOR THE YEAR	9, 18	£ 523,016	£ 1,407,071

The Group has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the Group are classed as continuing.


SALMON DEVELOPMENTS PLC


CONSOLIDATED BALANCE SHEET

31 December 2001

	Notes	2001	2000
FIXED ASSETS			
Intangible assets	10	-	-
Tangible assets	11	14,063	15,407
Investments	12	2,251,744	3,051,513
		<u>2,265,807</u>	<u>3,066,920</u>
CURRENT ASSETS			
Work in progress	13	-	196,551
Debtors	14	91,465	3,857,965
Cash at bank		5,762,455	1,215,621
		<u>5,853,920</u>	<u>5,270,137</u>
CREDITORS			
Amounts falling due within one year	15	425,811	1,203,657
NET CURRENT ASSETS			
		<u>5,428,109</u>	<u>4,066,480</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>£ 7,693,916</u>	<u>£ 7,133,400</u>
CAPITAL AND RESERVES			
Called up share capital	17	51,000	13,500
Profit and loss account	18	7,466,667	6,943,651
Revaluation reserve	19	176,249	176,249
SHAREHOLDERS' FUNDS			
	23	<u>£ 7,693,916</u>	<u>£ 7,133,400</u>

Approved by the Board on 24 May 2002


 Director
 R F Henderson

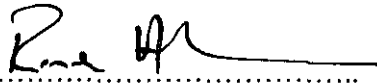

 Director
 D J Stewart

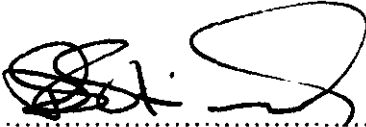
SALMON DEVELOPMENTS PLC

BALANCE SHEET
31 December 2001

	Notes	2001	2000
FIXED ASSETS			
Tangible assets	11	14,063	15,407
Investments	12	2,352,553	3,152,553
		<u>2,366,616</u>	<u>3,167,960</u>
CURRENT ASSETS			
Debtors	14	85,327	3,474,664
Cash at bank		5,653,281	1,073,444
		<u>5,738,608</u>	<u>4,548,108</u>
CREDITORS			
Amounts falling due within one year	15	669,141	1,457,871
NET CURRENT ASSETS			
		<u>5,069,467</u>	<u>3,090,237</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>£ 7,436,083</u>	<u>£ 6,258,197</u>
CAPITAL AND RESERVES			
Called up share capital	17	51,000	13,500
Profit and loss account	18	7,208,834	6,068,448
Revaluation reserve	19	176,249	176,249
SHAREHOLDERS' FUNDS			
		<u>£ 7,436,083</u>	<u>£ 6,258,197</u>

Approved by the Board on 29 May 2002


 Director
 R F Henderson


 Director
 D J Stewart

SALMON DEVELOPMENTS PLC

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2001

	Notes	2001	2000
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	3,535,919	(1,277,840)
Income received from associate		554,696	2,269,063
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received	166,712	141,646	
Interest paid	(7,158)	(97)	
Dividend Paid	-	(1,500,000)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		159,554	(1,358,451)
TAXATION		(554,985)	(455,658)
CAPITAL EXPENDITURE			
Payments to acquire fixed assets		(13,908)	(5,007)
ACQUISITIONS AND DISPOSALS			
Loan from/(to) associate		-	250,000
Redemption of loan by associated company		800,000	-
NET CASH INFLOW BEFORE FINANCING		4,481,276	(577,893)
FINANCING			-
Call on Preference Shares		37,500	
NET (DECREASE)/INCREASE IN CASH		£ 4,518,776	£ (577,893)

ANALYSIS OF NET DEBT

	1 January 2001	Cashflow	31 December 2001
Cash in hand	1,215,621	4,546,834	5,762,455
Debt due within one year	-	(28,058)	(28,058)
	£ 1,215,621	£ 4,518,776	£ 5,734,397

SALMON DEVELOPMENTS PLC**Financial statements for the year ended 31 December 2001****ACCOUNTING POLICIES**

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of a fixed asset investment, and comply with all applicable accounting standards.

BASIS OF CONSOLIDATION

The group financial statements comprise a consolidation of the financial statements of the holding company and its subsidiary undertakings (subsidiaries) for the year ended 31 December 2001.

An associated undertaking (associate) is included in the group financial statements on the equity accounting basis.

In accordance with Section 230 of the Companies Act 1985, the company has elected not to present its own profit and loss account.

TURNOVER

Turnover represents the invoiced value of goods and services supplied and the value of long term contract work done, and is stated exclusive of VAT.

LONG TERM CONTRACTS

Turnover on long-term contracts is recognised according to the nature of the contract and the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. Work in progress is stated at the lower of cost and net realisable value. The costs on development projects not yet taken to the profit and loss account, less foreseeable losses and payments on account, are shown in work in progress.

INTANGIBLE FIXED ASSETS

This represents goodwill arising upon the acquisition of subsidiaries. It has been amortised to the profit and loss account over its estimated useful life, in accordance with the provisions of FRS 10. In the opinion of the directors the goodwill arising in the year has no useful life and has been written off in the year.

DEPRECIATION

This is calculated so as to write off the cost of the relevant tangible fixed assets over their expected useful lives, at the following annual rates:

Office equipment	-	25%
Computer equipment	-	33.3%

CAPITAL INSTRUMENTS

Capital instruments are accounted for in accordance with the principles of FRS4 and are classified as equity share capital, non equity share capital or debt, as appropriate.

SALMON DEVELOPMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001
**1. TURNOVER AND LOSS ON ORDINARY
ACTIVITIES BEFORE TAXATION**

The turnover and profit before tax is attributable to the one principal activity of the company.

	2001	2000
2. OTHER OPERATING INCOME		
Rent	16,109	42,631
Other	750,000	750,000
	<u>£ 766,109</u>	<u>£ 792,631</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

Auditors' remuneration	14,736	14,375
Depreciation and other amounts written off tangible fixed assets	15,252	7,733
Goodwill written off	32,346	7,947
Operating lease charges:		
Equipment	4,482	5,624
Other	-	45,000
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE

Bank interest	174,415	140,063
Other interest	2,597	1,583
	<u>177,012</u>	<u>141,646</u>
Share of associate	177,234	122,735
	<u>£ 354,246</u>	<u>£ 264,381</u>

5. INTEREST PAYABLE

Loans and bank overdraft wholly repayable within
five years

Share of associate	7,158	97
	<u>58,523</u>	<u>10,174</u>
	<u>£ 65,681</u>	<u>£ 10,271</u>

SALMON DEVELOPMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001
6. EMPLOYEES

The average weekly number of persons (including directors) employed by the company during the year was:

	2001 No	2000 No
Management	8	8
Administration	10	10
	<u>18</u>	<u>18</u>

Staff costs for the above persons:

	£	£
Wages and salaries	1,063,874	1,023,377
Social security costs	135,851	115,610
Pension contributions	49,144	92,000
	<u>£ 1,248,869</u>	<u>£ 1,230,987</u>

DIRECTORS' REMUNERATION

Emoluments	733,430	576,705
Money purchase pension contributions	49,144	92,000
	<u>£ 782,574</u>	<u>£ 668,705</u>

One director had retirement benefits accruing under a money purchase scheme (2000: one)

Highest paid director		
Emoluments	197,875	247,757
Money purchase pension contributions	-	-
	<u>£ 197,875</u>	<u>£ 247,757</u>

In addition to the emoluments shown above three (2000: two) of the directors received management fees totalling £102,228 (2000: £912,602) in companies under their control (see Note 20).

7. TAXATION

Based on the profit for the year:

UK Corporation tax payable at 30% (2000: 30%)	(3,850)	667,494
(Over)/underprovided in earlier years	8,131	(2,823)
Share of associate	183,796	1,241,521
	<u>£ 188,077</u>	<u>£ 1,906,192</u>

A matter affecting the level of the tax charge is explained in Note 16.

SALMON DEVELOPMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001

	2001	2000	
8. DIVIDENDS			
Non equity shares:			
Ordinary dividends paid	-	1,500,000	
Preference dividends paid	-	-	
	<u> </u>	<u> </u>	
	£ -	£ 1,500,000	
	<u> </u>	<u> </u>	
9. PROFIT FOR THE FINANCIAL YEAR			
This is dealt with in the accounts of:			
Holding company	1,140,386	1,149,237	
Subsidiaries	(617,601)	134,505	
Associate	231	123,329	
	<u> </u>	<u> </u>	
	£ 523,016	£ 1,407,071	
	<u> </u>	<u> </u>	
10. INTANGIBLE ASSETS			
Goodwill			
1 January 2001	-	-	
Additions	32,346	7,947	
Amortisation	(32,346)	(7,947)	
	<u> </u>	<u> </u>	
31 December 2001	£ -	£ -	
	<u> </u>	<u> </u>	
11. TANGIBLE ASSETS			
Group and company			
	Office equipment	Computer equipment	Total
Cost:			
1 January 2001	39,236	43,922	83,158
Additions	6,174	7,734	13,908
Disposals	(10,238)	(28,466)	(38,704)
	<u> </u>	<u> </u>	<u> </u>
31 December 2001	35,172	23,190	58,362
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
1 January 2001	31,288	36,463	67,751
Charged in year	7,522	7,730	15,252
Disposals	(10,238)	(28,466)	(38,704)
	<u> </u>	<u> </u>	<u> </u>
31 December 2001	28,572	15,727	44,299
	<u> </u>	<u> </u>	<u> </u>
Net book values:			
31 December 2001	6,600	7,463	£ 14,063
	<u> </u>	<u> </u>	<u> </u>
31 December 2000	7,948	7,459	£ 15,407
	<u> </u>	<u> </u>	<u> </u>

SALMON DEVELOPMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001
12. INVESTMENTS

	Shares in associate £	Loan to associate £	Share of profit of associate £	Total £
Group				
1 January 2001	2,000,000	800,000	251,513	3,051,513
Additions	-	-	231	231
Disposals	-	(800,000)	-	(800,000)
31 December 2001	2,000,000	-	251,744	2,251,744

	Shares in subsidiaries £	Shares in associate £	Loans to subsidiary £	Loans to associate £	Total £
Company					
1 January 2001	53	2,000,000	352,500	800,000	3,152,553
Additions	-	-	-	-	-
Disposals	-	-	-	(800,000)	(800,000)
Write down	-	-	-	-	-
31 December 2001	53	2,000,000	352,500	-	2,352,553

The subsidiaries and associate, all of which are registered in England, are as follows:

Name	Percentage shareholding %	Activity
Salmon Harvester Properties Limited	50	Property developer
Salmon Investments and Developments Limited	100	Property developer
Salmon Properties Limited (formerly SD Marston Ltd)	100	Non-trader
Salcim Limited	100	Non-trader

	2001	2000
Group share of associate's fixed assets	£ 165	£ 162
Group share of associate's current assets	£ 20,391,859	£ 26,925,092
Group share of associate's liabilities falling due:		
- within one year	£ 18,240,280	£ 24,273,900
- after more than one year	£ -	£ 400,000

SALMON DEVELOPMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001

	2001		2000	
	Group	Company	Group	Company
13. STOCKS				
Work in progress	£ -	£ -	£ 196,551	£ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
14. DEBTORS				
Trade debtors	11,058	4,920	43,039	16,989
Amounts due from subsidiary	-	-	-	543,762
Amounts owed from associated company	10,921	10,921	2,887,722	2,887,722
Other debtors	1,408	1,408	908,282	8,282
Corporation tax	7,740	7,740	-	-
Other taxes	18,799	18,799	1,013	-
Prepayments and accrued income	41,539	41,539	17,909	17,909
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	£ 91,465	£ 85,327	£ 3,857,965	£ 3,474,664
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
15. CREDITORS				
Bank overdraft	28,058	28,058	-	-
Trade creditors	13,679	10,548	31,638	13,055
Amounts owed to subsidiaries	-	345,057	-	320,003
Social security and other taxes	159,655	76,224	58,897	58,897
Other creditors	39,245	39,245	-	-
Accruals	181,284	170,009	566,268	525,983
Corporation tax	3,890	-	546,854	539,933
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	£ 425,811	£ 669,141	£ 1,203,657	£ 1,457,871
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16. CONTINGENCIES

Additional consideration, up to a maximum of £856,288 is potentially payable by the company to the previous owner of a subsidiary, the level of which is dependent upon the future taxable profits generated by the subsidiary.

SALMON DEVELOPMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001

	2001	2000
17. SHARE CAPITAL		
Authorised and allotted		
25,000 'A' Cumulative preference shares of £1 each	25,000	25,000
25,000 'B' Cumulative preference shares of £1 each	25,000	25,000
350 'A' Ordinary shares of £1 each	350	350
380 'B' Ordinary shares of £1 each	380	380
220 'C' Ordinary shares of £1 each	220	220
50 'D' Ordinary shares of £1 each	50	50
	<hr/>	<hr/>
	£ 51,000	£ 51,000
	<hr/>	<hr/>
Issued:		
25,000 'A' Cumulative preference shares of £1 each (2000: 25p paid)	25,000	6,250
25,000 'B' Cumulative preference shares of £1 each (2000: 25p paid)	25,000	6,250
350 'A' Ordinary shares of £1 each	350	350
380 'B' Ordinary shares of £1 each	380	380
220 'C' Ordinary shares of £1 each	220	220
50 'D' Ordinary shares of £1 each	50	50
	<hr/>	<hr/>
	£ 51,000	£ 13,500
	<hr/>	<hr/>

Non equity shares

The interests of the preference shareholders have been classified as non equity. Their rights include entitlement to receive profits realised on certain of the group's developments as defined in the Articles of Association. To the extent that such profits are available for distribution, but remain retained within the company, the preference shareholders are entitled to 8% of such amounts. Except in restricted circumstances, the shares do not carry an entitlement to vote at a general meeting.

18. PROFIT AND LOSS ACCOUNT	Group	Company
1 January 2001	6,943,651	6,068,448
Profit for the year	523,016	1,140,386
	<hr/>	<hr/>
31 December 2001	£ 7,466,667	£ 7,208,834
	<hr/>	<hr/>
	2001	2000
19. REVALUATION RESERVE		
1 January 2001 and 31 December 2001	£ 176,249	£ 176,249
	<hr/>	<hr/>

SALMON DEVELOPMENTS PLC**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2001**20. RELATED PARTY TRANSACTIONS**

The group and the company has taken advantage of the exemptions provided by Financial Reporting Standard 8 and has not reported transactions and balances with other group companies that are eliminated upon consolidation. During the year, Salmon Developments Plc entered into the following transactions with its associated undertaking Salmon Harvester Properties Limited:

	2001	2000
	£	£
Project management fees earned	306,291	135,301
Contribution to management costs	750,000	765,110

At the year end the group was owed £10,921 (2000: £2,887,722) by Salmon Harvester Properties Limited.

During the year Salmon Developments Plc entered into transactions with the following related parties:

A company controlled by Mr C P Oliver:

Management fees payable to Salmon Properties Limited	57,500	394,789
--	--------	---------

A company controlled by Mr D R J Baird:

Management fees payable to Adna Limited	29,728	517,813
Rent charges to Adna Limited	30,000	40,000

A company controlled by Mr D J Stewart:

Management fees payable to Hookwood House Estates Limited	15,000	-
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All of the above fees are included within directors emoluments disclosed in note 5.

Professional fees paid to the chartered accountancy practice of Mr D W Waddington.	382,921	131,876
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A property was purchased by Salmon Properties Limited, a company owned by C P Oliver, from a wholly owned group company at a price of £5,665. This valuation was the market value determined by the directors of the company.

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001	2000
Operating loss	(247,588)	(1,137,203)
Depreciation charges	15,252	7,733
Goodwill amortised	32,346	7,947
Decrease in stock	196,551	495,996
Decrease/(increase) in debtors	3,774,240	(734,312)
(Decrease)/increase in creditors	(234,882)	81,999
	<u>£ 3,535,919</u>	<u>£ (1,277,840)</u>

SALMON DEVELOPMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001

	2001	2000
22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		
Increase/(decrease) in cash	4,517,419	(577,893)
Cash outflow from decrease in debt	-	-
	<u>4,517,419</u>	<u>(577,893)</u>
Movement in net cash in year	4,517,419	(577,893)
Net cash/debt at start of year	<u>1,215,621</u>	<u>1,793,514</u>
Net cash at end of year	<u>£ 1,215,621</u>	<u>£ 1,793,514</u>
23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Profit for the financial year	523,016	2,907,071
Dividends	-	(1,500,000)
Call on part paid share capital	37,500	-
	<u>560,516</u>	<u>1,407,071</u>
Opening shareholders' funds	<u>7,133,400</u>	<u>5,726,329</u>
Closing shareholders' funds	<u>£ 7,693,916</u>	<u>£ 7,133,400</u>
24. FINANCIAL COMMITMENTS		
Operating leases		
The group has annual commitments expiring as follows:		
Land and buildings:		
Within two to five years	<u>106,685</u>	<u>102,000</u>
Other:		
Within one year	2,324	1,637
In two to five years	<u>-</u>	<u>3,984</u>
25. DEFERRED TAX		
Company and Group		
The total potential liability, none of which has been provided in these financial statements, is as follows:		
Revaluation of investment	<u>£ 52,875</u>	<u>£ 52,875</u>
26. ULTIMATE CONTROLLING PARTY		
There is no single ultimate controlling party of the group.		