

FIBROGEN LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2001



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COMPANIES HOUSE 29/01/02

INDEX

Year ended 31 March 2001

	Page
GENERAL INFORMATION	2
REPORT OF THE DIRECTORS	3
AUDITORS' REPORT	5
PROFIT AND LOSS ACCOUNT	6
BALANCE SHEET	7
ACCOUNTING POLICIES	8
NOTES TO THE FINANCIAL STATEMENTS	10

FIBROGEN LIMITED

GENERAL INFORMATION

DIRECTORS

R J Fraser (Chairman)
S J Fraser (Deputy Chairman)
J T Watson (Managing & Finance Director)
P G Apps (Operations Director)

SECRETARY

J E Davison

HEAD OFFICE/ REGISTERED OFFICE

Astley House
33 Notting Hill Gate
London
W11 3JQ

Tel: 020 7229 9252
Fax: 020 7221 8671

AUDITORS

Dixon Wilson
(P O Box 900)
Rotherwick House
3 Thomas More Street
London
E1W 1YX

SOLICITORS

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

BANKERS

Barclays Bank PLC
50 Pall Mall
P O Box 15162
London
SW1A 1QB

IMMEDIATE HOLDING COMPANY

Fibrowatt Limited. Web site: www.fibrowatt.com

ULTIMATE HOLDING COMPANY

Fibrowatt Group Limited

FIBROGEN LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and financial statements for the year ended 31 March 2001.

RESULTS AND DIVIDENDS

The loss for the year after tax and before appropriations was £376,024 (2000 - Loss £572,206). Appropriations of £1,719,250 (2000 - £1,262,082) were made to a reserve in respect of accrued dividends payable to preference shareholders. The directors do not recommend payment of a dividend (2000 - £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's primary business is to operate an electricity power station. The company owns and operates Glanford Power Station, a 13.5MW power station at Flixborough, North Lincolnshire.

On 30 September 1998 the company was awarded a contract by the Government's Intervention Board to provide a disposal route for meat and bone meal (MBM) arising from the Over Thirty Month Scheme. The contract commenced on 15 May 2000 and will last for a minimum of 36 months, during which the plant is expected to burn around 270 tonnes of MBM a day.

DIRECTORS AND THEIR INTERESTS

The directors are as shown on page 2.

No director held any interest in the shares of the company or Fibrowatt Limited, the company's immediate holding company, during the year. The interests of the directors in the shares of Fibrowatt Group Limited, the ultimate holding company, are shown in the accounts of that company.

CHARITABLE CONTRIBUTIONS

During the year the company made charitable contributions totalling £2,100 (2000 - £nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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:

- 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 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 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.

FIBROGEN LIMITED

REPORT OF THE DIRECTORS (continued)

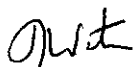
AUDITORS

Dixon Wilson have been re-appointed as auditors of the company by elective resolution in accordance with Section 386 of the Companies Act 1985.

By order of the board

J T WATSON

Director



London

28 June 2001

DIXON WILSON

CHARTERED ACCOUNTANTS

PO Box 900 Rotherwick House 3 Thomas More Street London E1W 1YX

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIBROGEN LIMITED

We have audited the financial statements of Fibropower Limited for the year ended 31 March 2001 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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.

Going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 23 to the financial statements concerning the company's future loan repayments. In view of the significance of the fact that the preparation of the financial statements on a going concern basis depends upon the support of the company's immediate holding company, which the directors are reasonably confident that it will be able to provide, we consider that the matter should be drawn to your attention but our opinion is not qualified in this respect.

OPINION

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

DIXON WILSON

Registered Auditors

16 July 2001

FIBROGEN LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 March 2001**

	Note	2001 £	2000 £
TURNOVER - Continuing operations	1	7,837,297	2,097,832
Cost of sales		<u>(1,133,385)</u>	<u>(951,243)</u>
GROSS PROFIT		6,703,912	1,146,589
Administrative expenses		<u>(5,762,689)</u>	<u>(3,519,946)</u>
OPERATING PROFIT/(LOSS)			
- Continuing operations	2	941,223	(2,373,357)
Interest receivable		15,184	11,503
Interest payable and similar charges			
- exceptional item	3	-	1,107,750
Interest payable	4	<u>(209,948)</u>	<u>(274,047)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		746,459	(1,528,151)
Taxation	6	<u>(1,122,483)</u>	<u>955,945</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(376,024)	(572,206)
Appropriation - provision for dividends on non-equity shares	16	<u>(1,719,250)</u>	<u>(1,262,082)</u>
RETAINED LOSS FOR THE YEAR	15	<u>(2,095,274)</u>	<u>(1,834,288)</u>

The company had no recognised gains or losses other than the loss for the year and the loss for the previous year.

FIBROGEN LIMITED


BALANCE SHEET

At 31 March 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Tangible fixed assets	7	<u>11,063,731</u>	<u>12,817,195</u>
CURRENT ASSETS			
Stock	8	261,021	233,258
Debtors	9	937,878	890,800
Cash at bank and in hand		<u>6,301</u>	<u>350</u>
		1,205,200	1,124,408
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(4,555,470)</u>	<u>(4,166,834)</u>
NET CURRENT LIABILITIES		<u>(3,350,270)</u>	<u>(3,042,426)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,713,461	9,774,769
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(3,526,658)	(6,323,349)
PROVISION FOR LIABILITIES AND CHARGES	13	<u>(1,201,407)</u>	<u>(90,000)</u>
		<u>2,985,396</u>	<u>3,361,420</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,500,120	1,500,120
Profit and loss account	15	(5,528,855)	(3,433,581)
Other reserves	16	<u>7,014,131</u>	<u>5,294,881</u>
TOTAL SHAREHOLDER'S FUNDS	17	<u>2,985,396</u>	<u>3,361,420</u>
Shareholder's funds are attributable to:			
Equity shareholder		(5,528,735)	(3,433,461)
Non-equity shareholder	18	<u>8,514,131</u>	<u>6,794,881</u>
		<u>2,985,396</u>	<u>3,361,420</u>

The financial statements on pages 6 to 19 were approved by the board of directors on 28 June 2001 and signed on its behalf by:-

S J FRASER



Directors

J T WATSON



FIBROGEN LIMITED

ACCOUNTING POLICIES

Year ended 31 March 2001

Accounting convention

The financial statements have been prepared under the historical cost convention.

Depreciation

The cost of fixed assets is depreciated over the expected economic lives of the assets as follows:

Power station – buildings and plant	- see below
Other equipment	- 20% per annum straight line
Motor vehicles	- 25% per annum straight line

The cost of the power station is depreciated over its economic life of twenty years at rates estimated to reduce its residual value to nil at the end of that period.

The rates adopted reflected the estimated plant operating profit from electricity sales for the periods ended 31 December 1998, when the Non-Fossil Fuel Obligation came to an end ("the initial period"), and periods thereafter ("the secondary period"). For the initial period the rate of depreciation was 12.84% per annum straight line and for the secondary period it is 2.14% per annum straight line.

Modifications to the plant necessitated by the contract with the Intervention Board are depreciated on a straight line basis from the commencement of MBM combustion, which is expected to continue for 39 months ending 14 May 2003, inclusive of a 3 month commissioning period.

Other modifications made to the plant are depreciated on a straight line basis over the remaining useful economic life of these modifications, commencing when the modifications are brought into use.

Stock

Consumable stock is valued at the lower of cost and net realisable value.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Research and development

Research and development of a revenue nature is written off in the year in which it is incurred. Expenditure directly related to the construction of the power station is capitalised as part of the cost.

FIBROGEN LIMITED

ACCOUNTING POLICIES (continued)

Year ended 31 March 2001

Capitalisation of interest and issue costs

Costs of financing the construction of the power station prior to its being brought into use are included in the cost of the power station.

Deferred taxation

Provision is made for deferred taxation on timing differences arising from the different treatment of items for accounting and taxation purposes which are expected to reverse in the foreseeable future.

Capital instruments

Both equity and non-equity shares are included in shareholder's funds. Other capital instruments, as defined by Financial Reporting Standard No. 4 are classified as liabilities. Costs associated with the rephasing of loans are written off to the profit and loss account in the year in which they are incurred.

Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations is treated as a finance charge which is amortised in order to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Cash flow statement

The financial statements do not include a cash flow statement because the company, being a wholly owned subsidiary, is exempt from the requirement to prepare such a statement under Financial Reporting Standard No. 1, "Cash Flow Statements".

FIBROGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2001

1. TURNOVER

Turnover comprises the sale of electricity, and gate fees received for the incineration of MBM, net of value added tax. All turnover arises within the United Kingdom.

2. OPERATING PROFIT/(LOSS) FOR THE YEAR	2001 £	2000 £
This is stated after charging the following:		
Depreciation of fixed assets (note 7)		
- owned assets	2,871,613	826,848
	<u> </u>	<u> </u>
Obsolete stock provision	-	60,110
Bad debt provision	-	250,803
Obsolete components of power station written off	-	406,274
Auditors' remuneration	15,000	12,500
Operating lease rentals - plant and machinery	1,036	40,042
- land and buildings	116,122	95,104
	<u> </u>	<u> </u>

3. INTEREST PAYABLE AND SIMILAR CHARGES - EXCEPTIONAL ITEM

The credit for the prior year represents a net credit in respect of the repayment of the loan from Aalborg Boilers A/S in February 2000. An agreement was reached in which the full amount due was settled by the payment of £600,000.

FIBROGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2001

4. INTEREST PAYABLE	2001 £	2000 £
Interest on bank loans wholly repayable within five years	162,259	127,174
Interest on other loans wholly repayable within five years	43,981	144,268
Other interest payable	3,708	2,605
	<u>209,948</u>	<u>274,047</u>

5. STAFF COSTS

Employee costs:

Wages and salaries	739,584	642,748
Social security costs	77,420	68,208
Other pension costs	35,377	36,248
	<u>852,381</u>	<u>747,204</u>
Directors' remuneration	-	1,000
	<u>Number</u>	<u>Number</u>
Average number of persons employed	25	24

All employees were employed in the operation and maintenance of the power station.

Head office services and administration services were provided by Fibrowatt Limited throughout the year for a fixed monthly fee. The total sum charged by Fibrowatt Limited in respect of such services in the year ended 31 March 2001 was £604,350 (2000 - £256,751). This charge includes the services of S J Fraser, R J Fraser, P G Apps and J T Watson as directors of the company.

During the year payments of £nil (2000 - £43,750) were made by the company for services provided in the ordinary course of business by S J Fraser & Co., a partnership subsisting between S J Fraser and E J Fraser, which were reimbursed in full to the company by Fibrowatt Limited.

FIBROGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2001

6. TAXATION	2001 £	2000 £
Corporation tax charge for the year	2,166	-
Charge for group relief 1999/2000	8,910	-
Overprovision in prior years	-	(5,191)
Deferred taxation (note 13)	1,111,407	(950,754)
	<u>1,122,483</u>	<u>(955,945)</u>

The company's operations are located in a formerly designated Enterprise Zone. Accordingly, the company was entitled to claim in the year of expenditure tax relief of 100 per cent of the expenditure incurred on industrial buildings before 14 April 1994, when the Enterprise Zone status ceased. This relief has the effect of deferring the company's liability to tax on trading.

7. TANGIBLE FIXED ASSETS	Freehold land £	Power station £	Other equipment £	Total £
Cost				
At 1 April 2000	250,300	28,024,670	280,705	28,555,675
Additions	-	1,103,149	15,000	1,118,149
At 31 March 2001	<u>250,300</u>	<u>29,127,819</u>	<u>295,705</u>	<u>29,673,824</u>
Depreciation				
At 1 April 2000	-	15,476,451	262,029	15,738,480
Charge for the year	-	2,859,742	11,871	2,871,613
At 31 March 2001	<u>-</u>	<u>18,336,193</u>	<u>273,900</u>	<u>18,610,093</u>
Net book value				
At 31 March 2001	<u>250,300</u>	<u>10,791,626</u>	<u>21,805</u>	<u>11,063,731</u>
At 31 March 2000	<u>250,300</u>	<u>12,548,219</u>	<u>18,676</u>	<u>12,817,195</u>

Included in the power station cost is interest amounting to £1,205,125, being the cost of financing the construction of the power station prior to its being brought into use. Also included in the cost of the power station is £7,933,593 (2000 - £6,830,444) relating to modifications to the plant in respect of the MBM project.

FIBROGEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 March 2001****8. STOCK**

Stock comprises fuel, spare parts and consumables.

9. DEBTORS

	2001	2000
	£	£
Trade debtors	451,683	519,239
Other debtors	3,024	53,245
Prepayments and accrued income	483,171	318,316
	<u>937,878</u>	<u>890,800</u>

Included in trade debtors are amounts due from group undertakings of £2,002 (2000 - £41,180).

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
	£	£
Bank overdraft	-	185,482
Loans (note 12)	855,556	2,678,117
Trade creditors	245,606	743,903
Other taxes and social security costs	321,357	23,433
Other creditors	5,354	4,382
Accruals and deferred income	3,127,597	531,517
	<u>4,555,470</u>	<u>4,166,834</u>

Included in trade creditors are amounts due to group undertakings of £236,657 (2000 - £204,189). The bank loan is secured by a first charge over the power station site, and the deferred income in respect of advance MBM gate fees from the Government's Intervention Board is secured by a second charge over the power station site.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001	2000
	£	£
Loans (note 12)	50,000	550,000
Accruals and deferred income	3,476,658	5,773,349
	<u>3,526,658</u>	<u>6,323,349</u>

FIBROGEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2001

12.	LOANS	2001 £	2000 £
	Repayable within one year		
(i)	Bank loan	685,556	2,078,117
(ii)	Fibrowatt Limited	170,000	600,000
		<u>855,556</u>	<u>2,678,117</u>
	Repayable between one and two years		
(iii)	Directors' loans	50,000	50,000
	Repayable wholly after five years		
(iv)	Fibropower Limited	-	500,000
		<u>50,000</u>	<u>550,000</u>
(i)	Bank loan		
	The loan granted by Barclays Bank Plc is repayable in equal monthly instalments ending in June 2001. Interest is calculated at LIBOR plus an applicable margin of 2.5% plus an associated costs rate. The loan is secured on the power station site.		
(ii)	Fibrowatt Limited		
	This loan is wholly repayable within one year, and carries interest at Barclays Bank Plc base rate plus a margin of 2%.		
(iii)	Directors' loans		
	The directors to whom this money is due have undertaken not to seek repayment before 1 April 2002. The directors' loans are unsecured and interest free.		
(iv)	Fibropower Limited		
	The loan was interest-free, and was wholly repayable after 31 December 2010, or earlier at the company's option. During the year, the company exercised its option and repaid the loan in full.		

FIBROGEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 March 2001

13. PROVISION FOR LIABILITIES AND CHARGES	2001 £	2000 £
Deferred taxation has been provided in full.		
Capital allowances in advance of depreciation - movement in the year:		
At 1 April 2000	90,000	1,040,754
Adjustment to provision	1,111,407	(950,754)
At 31 March 2001	<u>1,201,407</u>	<u>90,000</u>

14. SHARE CAPITAL

Authorised		
100,000 "O" ordinary shares of 1p each	1,000	1,000
112,500 "A" shares of £1 each	112,500	112,500
1,387,500 "B" shares of £1 each	1,387,500	1,387,500
5,000,000 "C" shares of £1 each	5,000,000	5,000,000
	<u>6,501,000</u>	<u>6,501,000</u>
Allotted and fully paid		
12,000 "O" ordinary shares of 1p each	120	120
112,500 "A" shares of £1 each	112,500	112,500
1,387,500 "B" shares of £1 each	1,387,500	1,387,500
	<u>1,500,120</u>	<u>1,500,120</u>

Rights of share capital**(a) Dividends and redemption**

The "A" shares may be redeemed at any date prior to 31 December 2500, at the option of the shareholder, provided that sufficient surplus revenues are available to do so and that all of the "B" shares have been fully redeemed.

The "B" shares may be redeemed by the company at a date before 31 December 2500.

The distributable profits of the company must be applied in accordance with a set of formulae set out in the company's Articles of Association (subject to restrictions on distributions included in any agreement with the company's bankers), designed such that:

- (1) cash is first of all paid to the holders of the "B" shares by way of redemption and dividend so that such holders earn a return on their investment of 20% real;

(continued)

FIBROGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2001

14. SHARE CAPITAL (continued)

(a) Dividends and redemption (continued)

- (2) the "O" shareholders can then start receiving dividends subject to a scale of payments to the holders of the 'A' shares (in terms of specified percentages of annual distributable profits) designed to ensure that holders of the 'A' shares earn a return on their investment of 22% real; after which
- (3) the "O" shareholders are entitled to all future distributable profits after the payment each year of a dividend to the 'A' shareholders of 4% of annual distributable profits.

(b) Capital

On a winding up, the assets of the company available to shareholders must be applied as follows:

- (1) repaying amounts paid on "B" shares, "A" shares and "O" shares, in that order;
- (2) paying to holders of "B" shares amounts in accordance with the formula used to determine dividends on these shares;
- (3) distributing the balance between the holders of the "A" and "O" shares pro rata to the amount paid up on such shares.

(c) Voting rights

On a show of hands, every member holding an "A" share or an "O" share shall have one vote. On a poll every "O" share shall carry such number of votes that in aggregate the "O" shares hold 74.9% and every "A" share shall carry such number of votes that in aggregate the "A" shares hold 25.1% of the votes. The "B" shares have no voting rights.

15. PROFIT AND LOSS ACCOUNT

	2001 £	2000 £
At 1 April 2000	(3,433,581)	(1,599,293)
Transfer from profit and loss account for the year	(2,095,274)	(1,834,288)
At 31 March 2001	<u>(5,528,855)</u>	<u>(3,433,581)</u>

FIBROGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2001

16. OTHER RESERVE	2001 £	2000 £
Provision for dividends on non-equity shares payable from distributable profits:		
At 1 April 2000	5,294,881	4,032,799
Provision for the year	1,719,250	1,262,082
At 31 March 2001	<u>7,014,131</u>	<u>5,294,881</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS		
Loss for the year	(376,024)	(572,206)
Shareholder's funds at 1 April 2000	<u>3,361,420</u>	<u>3,933,626</u>
Shareholder's funds at 31 March 2001	<u>2,985,396</u>	<u>3,361,420</u>

18. NON-EQUITY SHAREHOLDER'S FUNDS		
"A" shares of £1	818,264	658,529
"B" shares of £1	<u>7,695,867</u>	<u>6,136,352</u>
	<u>8,514,131</u>	<u>6,794,881</u>

19. OPERATING LEASE COMMITMENTS

At 31 March 2001 the company was committed to the following payments during 2001/02 in respect of operating leases which expire:

	Land and buildings £	Other £	Total £
Within one year	-	-	-
Between two and five years	8,372	6,214	14,586
After five years	<u>107,750</u>	<u>-</u>	<u>107,750</u>
	<u>116,122</u>	<u>6,214</u>	<u>122,336</u>

FIBROGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2001

20. PENSION COSTS

The company contributes to its employees' personal pension schemes. The cost for the year is shown in note 5. Outstanding contributions at 31 March 2001 amounted to £nil (2000 - £nil).

21. RELATED PARTY TRANSACTIONS

The company has carried out transactions with the following parties, who are considered to be related parties of the company as defined by Financial Reporting Standard No 8:

Related party	Reason
S J Fraser	Director
R J Fraser	Director
Fibrothetford Limited	Fellow subsidiary

The company made sales to Fibrothetford Limited of £11,661 (2000 - £nil). The highest amount outstanding during the year was £7,491 (2000 - £621), and the year end balance was £1,088 (2000 - £nil).

The company also incurred recharged expenses from Fibrothetford of £18,899 (2000 - £3,698). The amount outstanding at the year end was £11,138 (2000 - £3,698). Haulage fees of £622,810 (2000 - £181,134) were recharged from Fibrothetford during the year. The amount outstanding at the year end was £110,450 (2000 - £181,134).

The company incurred fees from S J Fraser and Co. of £nil (2000 - £43,750), for services provided in the ordinary course of business. These costs were reimbursed in full by Fibrowatt Limited. The year end balance was £nil (2000 - £nil).

The loan from S J Fraser to the company of £30,000 remained in place throughout the year.

The loan from R J Fraser to the company of £20,000 remained in place throughout the year.

Charges are stated exclusive of VAT; balances are stated inclusive of VAT.

The company has taken advantage of the exemption from disclosing transactions with related parties which are included in the consolidated financial statements of Fibrowatt Group Limited.

22. CAPITAL COMMITMENTS

At the year end the company had contracted for capital expenditure relating to the MBM project of £nil (2000 - £545,127) and capital expenditure relating to spare parts for the power station of £124,500 (2000 - £nil).

FIBROGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2001

23. GOING CONCERN

The company's cash flow forecasts indicate that short term support will be required from Fibrowatt Limited later this year in order that the company does not exceed existing agreed borrowing facilities. The directors are reasonably confident that Fibrowatt will be able to provide this support, and think that the company will therefore continue as a going concern for the foreseeable future.

24. PARENT COMPANIES

Fibrowatt Group Limited is the ultimate holding company and is the holding company of the only group of undertakings for which group accounts are drawn up and of which the company is a member.

Copies of the group accounts for the above may be obtained from Companies House.
