

PRIVATE EQUITY III LIMITED
REPORT AND FINANCIAL STATEMENTS
31 JANUARY 2003



Horwath Clark Whitehill

Horwath Clark Whitehill
Chartered Accountants
25 New Street Square
London EC4A 3LN, UK
Tel: +44 (0)20 7353 1577
Fax: +44 (0)20 7583 1720
DX: 0014 London Chancery Lane
www.horwathcw.com

PRIVATE EQUITY III LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 JANUARY 2003

The directors present their report together with the financial statements for the year ended 31 January 2003.

PRINCIPAL ACTIVITY

The principal activity of the company is to buy and sell listed and unlisted securities.

RESULTS

The results for the year are set out in the Profit and Loss Account on page 4.

No dividends were paid or proposed in respect of the year.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors have continued to develop the business in the light of prevailing trading conditions and the position at 31 January 2003 is reflected in the financial statements. The present intention is to continue the development of the existing business of the company.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interest in the company's share capital were as follows:

	Ordinary shares of 1p each	
	31 January 2003	1 February 2002
D Troy	1,325	1,325
N Edmonstone (resigned 9 December 2002)	1,325	1,325
M Moors	1,987	1,987

AUDITORS

A resolution to reappoint Horwath Clark Whitehill as the company's auditors will be proposed at the annual general meeting.

By Order of the Board

RM Sexton
30 May 2003

PRIVATE EQUITY III LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

It is the purpose of this statement to distinguish the directors' responsibilities for the financial statements from those of the auditors, as stated in their report.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for the 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;
- 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 the going concern basis unless it is inappropriate to assume 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. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

Horwath Clark Whitehill

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PRIVATE EQUITY III LIMITED

Horwath Clark Whitehill
Chartered Accountants
25 New Street Square
London EC4A 3LN, UK
Tel: +44 (0)20 7353 1577
Fax: +44 (0)20 7583 1720
DX: 0014 London Chancery Lane
www.horwathcw.com

We have audited the financial statements of Private Equity III Limited for the year ended 31 January 2003 set out on pages 4 to 6. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

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 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 judgments 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 31 January 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

9th June 2003

Horwath Clark Whitehill

Chartered Accountants
and Registered Auditors

PRIVATE EQUITY III LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2003

	Notes	2003 £	2002 £
TURNOVER	1(b)	1,399	-
Cost of sales		-	-
GROSS PROFIT		1,399	-
Administrative expenses		(3,409)	(7,845)
OPERATING LOSS	2	(2,010)	(7,845)
Other interest receivable and similar income		551	6,384
Interest payable and similar charges		(45)	(199)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,504)	(1,660)
Tax on loss on ordinary activities	3	-	544
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(1,504)	(1,116)
Dividends – ordinary paid		-	(110,007)
RETAINED LOSS FOR THE FINANCIAL YEAR		(1,504)	(111,123)
Profit and loss account brought forward		10,862	121,985
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		9,358	10,862

The profit and loss account contains all the gains and losses recognised in the current and previous year and the retained loss for the year represents the only movement in shareholders' funds during those years.

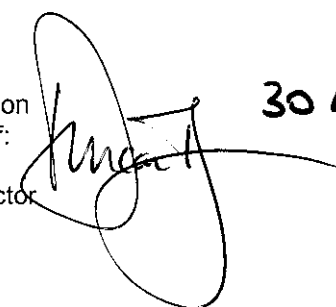
The notes on page 6 form part of these financial statements.

PRIVATE EQUITY III LIMITED
BALANCE SHEET
31 JANUARY 2003

	Notes	2003 £	2002 £
CURRENT ASSETS			
Debtors - other		8,019	-
Cash at bank and in hand		<u>25,974</u>	<u>62,849</u>
		33,993	62,849
CREDITORS: amounts falling due within one year	4	<u>(4,636)</u>	<u>(31,988)</u>
NET CURRENT ASSETS		<u>29,357</u>	<u>30,861</u>
CAPITAL AND RESERVES			
Called up share capital	5	106	106
Share premium account		19,893	19,893
Profit and loss account		<u>9,358</u>	<u>10,862</u>
SHAREHOLDERS' FUNDS		<u>29,357</u>	<u>30,861</u>

Approved by the Board on
and signed on its behalf:

- Director

 30 May 2003.

The notes on page 6 form part of these financial statements.

PRIVATE EQUITY III LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2003

1. ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Turnover

Turnover comprises shares sold and profits and losses are recognised when each sale becomes irrevocable.

2. OPERATING LOSS

2003 **2002**
£ **£**

Is stated after charging:

Auditors' remuneration

- in capacity as auditors

- in other capacities

500	1,000
<u>1,849</u>	<u>2,760</u>

3. TAX ON LOSS ON ORDINARY ACTIVITIES

Corporation tax

<u>-</u>	<u>(544)</u>
----------	--------------

No charge to corporation tax arises during the current year as a result of taxable losses being incurred. Taxable losses of approximately £1,500 are being carried forward.

4. CREDITORS: amounts falling due within one year

Trade creditors

Accruals and deferred income

-	28,988
<u>4,636</u>	<u>3,000</u>
<u>4,636</u>	<u>31,988</u>

5. CALLED UP SHARE CAPITAL

Authorised:

50,000 Ordinary shares of £0.01 each

<u>500</u>	<u>500</u>
------------	------------

Allotted, called up and fully paid:

10,598 Ordinary shares of £0.01 each

<u>106</u>	<u>106</u>
------------	------------