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SHORTS ENVIRONMENTAL LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2000

HLB Kidsons
Chartered Accountants

Company Registration Number 3361126



HLB KIDSONS
Chartered Accountants & Registered Auditors
Barclays House
41 Park Cross Street
Leeds
LS1 2QH

SHORTS ENVIRONMENTAL LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

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SHORTS ENVIRONMENTAL LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2000

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 December 2000.

Principal activities and business review

The company has not traded since incorporation.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The director has not recommended a dividend.

The director and his interests in shares of the company

The director who served the company during the year was as follows:

Mr J D R Fothergill

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

Director's responsibilities

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the director is required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director must also 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. The director 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.

SHORTS ENVIRONMENTAL LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2000

Auditors

A resolution to re-appoint HLB Kidsons as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
15 Kings Gate
Bradford Business Park
Bradford
BD 4SJ

Signed by order of the director



M T Bell
Company Secretary

Approved by the director on 29 June 2001

SHORTS ENVIRONMENTAL LIMITED

AUDITORS' REPORT TO THE SHAREHOLDER

YEAR ENDED 31 DECEMBER 2000

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6 .

Respective responsibilities of the director and the auditors

As described on page 1, the company's director is responsible for the preparation of the 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 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 December 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



HLB KIDSONS
Chartered Accountants
& Registered Auditors

Barclays House
41 Park Cross Street
Leeds
LS1 2QH

29 June 2001

SHORTS ENVIRONMENTAL LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2000

| | Note | 2000 £ | 1999 £ |
|---|------|-----------|-----------|
| Turnover | | - | - |
| Administrative expenses | | - | - |
| Operating profit | | - | - |
| Tax on profit on ordinary activities | | - | - |
| Retained profit for the financial year | | - | - |

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

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

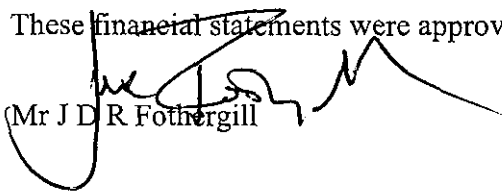
SHORTS ENVIRONMENTAL LIMITED

BALANCE SHEET

31 DECEMBER 2000

| | Note | 2000 £ | 1999 £ |
|--------------------------------|------|-----------|-----------|
| Current assets | | | |
| Cash at bank | | <u>1</u> | <u>1</u> |
| Total assets | | <u>1</u> | <u>1</u> |
| Capital and reserves | | | |
| Called-up equity share capital | 4 | <u>1</u> | <u>1</u> |
| Shareholder's funds | 5 | <u>1</u> | <u>1</u> |

These financial statements were approved and signed by the director on 29 June 2001


Mr J D R Fothergill

SHORTS ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

1. Accounting policies

Basis of accounting

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

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement.

2. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

| | 2000 | 1999 |
|--------------------------------|----------|----------|
| | No. | No. |
| Number of administrative staff | <u>2</u> | <u>2</u> |

No salaries or wages have been paid to employees, including the director, during the year.

3. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

4. Share capital

Authorised share capital:

| | 2000 | 1999 |
|-------------------------------------|--------------|--------------|
| | £ | £ |
| 1,000 Ordinary shares of £1.00 each | <u>1,000</u> | <u>1,000</u> |

Allotted, called up and fully paid:

| | 2000 | 1999 |
|------------------------|----------|----------|
| | £ | £ |
| Ordinary share capital | <u>1</u> | <u>1</u> |

5. Reconciliation of movements in shareholder's funds

| | 2000 | 1999 |
|------------------------------------|----------|----------|
| | £ | £ |
| Opening shareholder's equity funds | <u>1</u> | <u>1</u> |
| Closing shareholder's equity funds | <u>1</u> | <u>1</u> |

SHORTS ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

6. Ultimate parent company

The ultimate parent company is Read Holdings Limited, a company incorporated in England and Wales. Read Holdings Limited prepares group financial statements and copies can be obtained from Cleveland House, Norton Road, Stockton-on-Tees, Cleveland, TS20 2AQ.