

REGISTERED NUMBER: 3620695 (England and Wales)

BANRO HOLDINGS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001



Michael Dufty Partnership
The Counting House
61 Charlotte Street
St. Paul's Square
Birmingham B3 1PX

BANRO HOLDINGS LIMITED

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for the Year Ended 31 December 2001**

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BANRO HOLDINGS LIMITED
COMPANY INFORMATION
for the Year Ended 31 December 2001

DIRECTORS: J L Evans
G L Barnes
J Skivington
M Evans

SECRETARY: M Evans

REGISTERED OFFICE: Eleanor House
Queenswood Office Park
Northampton
Northamptonshire
NN4 7JJ

REGISTERED NUMBER: 3620695 (England and Wales)

AUDITORS: Michael Dufty Partnership
Registered Auditors
The Counting House
61 Charlotte Street
St. Paul's Square
Birmingham B3 1PX

BANRO HOLDINGS LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 December 2001

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of steel processing, and the development and marketing of modular steel-framed building systems.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

RESEARCH AND DEVELOPMENT

There has been significant development of modular steel-framed building systems which is expected to make an initial contribution in the current year.

POST BALANCE SHEET EVENT

On 5 July 2002 the company's balance sheet was restructured inter alia by conversion into ordinary and deferred share capital of £3,516,000 of unsecured loan notes plus £190,222 of accrued interest. This restructuring was agreed in order to reduce the debt-servicing burden on the company and to facilitate the planned expansion of the group's activities. A pro-forma balance sheet as at 31 December 2001 illustrating the effects of the restructuring is shown in note 27 on page 26.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2001.

DIRECTORS

The directors during the year under review were:

J R Evans	- resigned 24.11.2001
J L Evans	
G L Barnes	
J Skivington	
M Evans	- appointed 26.2.2001

The beneficial interests of the directors holding office on 31 December 2001 in the issued share capital of the company were as follows:

	31.12.01	01.01.01
Ordinary shares 10p shares		
J L Evans	48,000	48,000
G L Barnes	-	-
J Skivington	16,843	16,843
M Evans	-	-
Redeemable Preference shares 10p shares		
J L Evans	32,000	32,000
G L Barnes	-	-
J Skivington	-	-
M Evans	-	-
B Ordinary Shares 10p shares		
J L Evans	20,000	20,000
G L Barnes	-	-
J Skivington	-	-
M Evans	-	-

BANRO HOLDINGS LIMITED
REPORT OF THE DIRECTORS
for the Year Ended 31 December 2001

POLITICAL AND CHARITABLE DONATIONS

There were no political or charitable donations made during the year.

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.

AUDITORS

The auditors, Michael Duffy Partnership, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'M W Evans', with a horizontal line drawn underneath it.

M W Evans - SECRETARY

Dated: 8 July 2002

BANRO HOLDINGS LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
BANRO HOLDINGS LIMITED**

We have audited the financial statements of Banro Holdings Limited for the year ended 31 December 2001 on pages five to twenty six. 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 on page three the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors 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 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 as at 31 December 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Michael Dufty Partnership
Registered Auditors
The Counting House
61 Charlotte Street
St. Paul's Square
Birmingham B3 1PX

Dated: 8 July 2002

BANRO HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2001

		<u>2001</u>		<u>2000</u>	
	Notes	£	£	£	£
TURNOVER			8,255,896		9,081,717
Cost of sales			<u>5,906,468</u>		<u>6,723,383</u>
GROSS PROFIT			2,349,428		2,358,334
Distribution costs		346,307		318,815	
Administrative expenses		<u>1,830,271</u>		<u>1,315,750</u>	
			<u>2,176,578</u>		<u>1,634,565</u>
OPERATING PROFIT	3		172,850		723,769
Interest receivable and similar income			<u>15</u>		<u>1,034</u>
			172,865		724,803
Interest payable and similar charges	4		<u>424,059</u>		<u>444,380</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(251,194)		280,423
Tax on (loss)/profit on ordinary activities	5		<u>12,502</u>		<u>(38,561)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			<u>(263,696)</u>		<u>318,984</u>
(DEFICIT)/RETAINED PROFIT FOR THE YEAR			<u>£(263,696)</u>		<u>£318,984</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

The notes form part of these financial statements

BANRO HOLDINGS LIMITED

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the Year Ended 31 December 2001**

	<u>2001</u>	<u>2000</u>
	£	£
REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(251,194)	280,423
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>23,398</u>	<u>25,998</u>
HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>£(227,796)</u>	<u>£306,421</u>
Historical cost (loss)/profit for the year retained after taxation	<u>£(240,298)</u>	<u>£344,982</u>

The notes form part of these financial statements

BANRO HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
31 December 2001

		2001		2000	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	7		4,455,295		4,677,727
Tangible assets	8		<u>2,897,184</u>		<u>3,065,297</u>
			7,352,479		7,743,024
CURRENT ASSETS:					
Stocks	10	326,971		400,329	
Debtors	11	1,349,189		1,202,474	
Cash at bank and in hand		<u>3,139</u>		<u>50,007</u>	
		1,679,299		1,652,810	
CREDITORS:					
Amounts falling due within one year	12	<u>3,168,504</u>		<u>3,125,409</u>	
NET CURRENT LIABILITIES:			(1,489,205)		(1,472,599)
TOTAL ASSETS LESS CURRENT LIABILITIES:			5,863,274		6,270,425
CREDITORS:					
Amounts falling due after more than one year	13		(4,810,376)		(4,960,462)
PROVISIONS FOR LIABILITIES AND CHARGES:	17		<u>(374,058)</u>		<u>(367,427)</u>
			<u>£678,840</u>		<u>£942,536</u>
CAPITAL AND RESERVES:					
Called up share capital	18		50,084		50,084
Share premium	19		450,759		450,759
Profit and loss account	19		<u>177,997</u>		<u>441,693</u>
	25		<u>£678,840</u>		<u>£942,536</u>

ON BEHALF OF THE BOARD:



J L Evans - DIRECTOR

Approved by the Board on 8 July 2002

The notes form part of these financial statements

BANRO HOLDINGS LIMITED

COMPANY BALANCE SHEET

31 December 2001

		<u>2001</u>		<u>2000</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	7		46,952		28,029
Tangible assets	8		940,514		951,114
Investments	9		<u>6,202,863</u>		<u>6,194,503</u>
			7,190,329		7,173,646
CURRENT ASSETS:					
Debtors	11	20,172		96,225	
Cash at bank		<u>-</u>		<u>13,743</u>	
			20,172		109,968
CREDITORS:					
Amounts falling due within one year	12	<u>264,914</u>		<u>111,791</u>	
NET CURRENT LIABILITIES:			<u>(244,742)</u>		<u>(1,823)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			6,945,587		7,171,823
CREDITORS:					
Amounts falling due after more than one year	13		<u>6,330,271</u>		<u>6,469,173</u>
			<u>£615,316</u>		<u>£702,650</u>
CAPITAL AND RESERVES:					
Called up share capital	18		50,084		50,084
Share premium	19		450,759		450,759
Profit and loss account	19		<u>114,473</u>		<u>201,807</u>
SHAREHOLDERS' FUNDS:	25		<u>£615,316</u>		<u>£702,650</u>

ON BEHALF OF THE BOARD:



J L Evans - DIRECTOR

Approved by the Board on 8 July 2002

The notes form part of these financial statements

BANRO HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 December 2001

		2001		2000	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		272,648		1,648,255
Returns on investments and servicing of finance	2		(222,444)		(344,151)
Taxation			(63,721)		(187,212)
Capital expenditure and financial investment	2		<u>(124,753)</u>		<u>(1,250,868)</u>
			(138,270)		(133,976)
Financing	2		<u>(305,989)</u>		<u>91,830</u>
Decrease in cash in the period			<u>£(444,259)</u>		<u>£(42,146)</u>
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period		(444,259)		(42,146)	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>305,989</u>		<u>291,392</u>	
Change in net debt resulting from cash flows			<u>(138,270)</u>		<u>249,246</u>
Movement in net debt in the period			(138,270)		249,246
Net debt at 1 January			<u>(6,127,797)</u>		<u>(6,377,043)</u>
Net debt at 31 December			<u>£(6,266,067)</u>		<u>£(6,127,797)</u>

The notes form part of these financial statements

BANRO HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 December 2001**

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

	2001 £	2000 £
Operating profit	172,850	723,768
Depreciation charges	501,128	496,598
Loss on disposal of fixed assets	14,170	1,625
Decrease in stocks	73,358	42,650
(Increase)/Decrease in debtors	(146,715)	305,220
Decrease/(Increase) in creditors	<u>(342,143)</u>	<u>78,394</u>
Net cash inflow from operating activities	<u><u>272,648</u></u>	<u><u>1,648,255</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2001 £	2000 £
Returns on investments and servicing of finance		
Interest received	15	1,034
Interest paid	(160,824)	(276,927)
Interest element of hire purchase payments	<u>(61,635)</u>	<u>(68,258)</u>
Net cash outflow for returns on investments and servicing of finance	<u><u>(222,444)</u></u>	<u><u>(344,151)</u></u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(28,783)	(261,517)
Purchase of tangible fixed assets	(104,650)	(1,013,351)
Sale of tangible fixed assets	<u>8,680</u>	<u>24,000</u>
Net cash outflow for capital expenditure and financial investment	<u><u>(124,753)</u></u>	<u><u>(1,250,868)</u></u>
Financing		
Capital repayments in year	(180,392)	(270,980)
New bank loan	-	700,000
Bank loan repayments	(17,284)	-
Other loan repayments	(45,000)	(45,000)
Loan note repayments	(35,278)	(585,981)
Share issue	-	16,843
Movement in factoring loan	<u>(28,035)</u>	<u>276,948</u>
Net cash outflow from financing	<u><u>(305,989)</u></u>	<u><u>91,830</u></u>

The notes form part of these financial statements

BANRO HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 December 2001**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.01 £	Cash flow £	Other non cash movements £	At 31.12.01 £
Net cash:				
Cash at bank and in hand	50,007	(46,868)		3,139
Bank overdraft	-	(397,391)		(397,391)
	<hr/>	<hr/>		<hr/>
	50,007	(444,259)		(394,252)
	<hr/>	<hr/>		<hr/>
Debt:				
Hire purchase	(675,051)	180,392		(494,659)
Debts falling due Within one year	(1,053,446)	73,035	(73,519)	(1,053,930)
Debts falling due After one year	(4,449,307)	52,562	73,519	(4,323,226)
	<hr/>	<hr/>	<hr/>	<hr/>
	(6,177,804)	305,989	-	(5,871,815)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(6,127,797)	(138,270)	-	(6,266,067)
	<hr/>	<hr/>	<hr/>	<hr/>

The notes form part of these financial statements

BANRO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2001

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain assets.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Intangible fixed assets

Goodwill, being the amount paid in connection with the acquisition of a business in 1999, is being written off evenly over its estimated useful life of twenty years.

Patents acquired are depreciated on a 10% reducing balance basis.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Land	- not depreciated
Freehold buildings and property improvements	- 2% on cost
Plant and machinery	-10% on reducing balance
Fixtures and fittings	-10% on reducing balance
Motor vehicles	-25% on reducing balance

Research and Development

Development expenditure on specific, identifiable projects is capitalised where its recovery is reasonably regarded as assured by the directors. It is amortised over its useful life against corresponding future revenues.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The group operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profits.

BANRO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001

2. STAFF COSTS

	2001	2000
	£	£
Wages and salaries	1,562,862	1,396,764
Social security costs	144,351	133,159
Other pension costs	33,489	20,295
	<u>1,740,702</u>	<u>1,550,218</u>

The average monthly number of employees during the year was as follows:

	2001	2000
Office & Management	14	11
Production & Sales	<u>58</u>	<u>61</u>
	<u>72</u>	<u>72</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2001	2000
	£	£
Hire of plant and machinery	34,228	21,495
Other operating leases	30,813	32,471
Depreciation - owned assets	159,427	142,687
Depreciation - assets on hire purchase contracts	90,486	123,426
Loss on disposal of fixed assets	14,170	1,625
Goodwill written off	244,734	225,160
Patents and licences written off	6,481	5,315
Auditors remuneration	<u>14,000</u>	<u>14,550</u>
Directors' emoluments	247,298	139,756
Compensation to director for loss of office	<u>9,087</u>	<u>-</u>

Information regarding the highest paid director for the year ended 31 December 2001 is as follows:

	2001
	£
Emoluments etc	<u>127,111</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
	£	£
Hire purchase interest	61,635	68,258
Interest on bank overdrafts and other loans:		
Repayable within 5 years	311,624	200,080
Repayable in more than 5 years	<u>50,800</u>	<u>176,042</u>
	<u>424,059</u>	<u>444,380</u>

BANRO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001

5. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss on ordinary activities for the year was as follows:

	2001 £	2000 £
Current tax:		
UK corporation tax	5,870	59,690
Deferred tax:		
Deferred taxation	<u>6,632</u>	<u>(98,251)</u>
Tax on (loss)/profit on ordinary activities	<u>12,502</u>	<u>(38,561)</u>

6. LOSS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(87,334) (2000 - £113,828 profit).

7. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Research and Development £	Patents and licences £	Totals £
COST:				
At 1 January 2001	4,869,591	251,190	60,247	5,181,028
Additions	8,360	65,366	24,357	98,083
Grants received	<u>-</u>	<u>(69,300)</u>	<u>-</u>	<u>(69,300)</u>
At 31 December 2001	<u>4,877,951</u>	<u>247,256</u>	<u>84,604</u>	<u>5,209,811</u>
AMORTISATION:				
At 1 January 2001	486,959	-	16,342	503,301
Charge for year	<u>244,734</u>	<u>-</u>	<u>6,481</u>	<u>251,215</u>
At 31 December 2001	<u>731,693</u>	<u>-</u>	<u>22,823</u>	<u>754,516</u>
NET BOOK VALUE:				
At 31 December 2001	<u>4,146,258</u>	<u>247,256</u>	<u>61,781</u>	<u>4,455,295</u>
At 31 December 2000	<u>4,382,632</u>	<u>251,190</u>	<u>43,905</u>	<u>4,677,727</u>

The patents relate to new manufacturing methods for cold rolled sections from which, in the opinion of the directors, benefits will arise over future periods.

The research and development cost relates to a two year investment backed by a government grant. These specific project costs will be written off over three years from 1 January 2002 to match expected future cash flows.

BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001**

7. INTANGIBLE FIXED ASSETS - continued

Company

	Patents and licences £
COST:	
At 1 January 2001	31,508
Additions	<u>23,235</u>
At 31 December 2001	<u>54,743</u>
AMORTISATION:	
At 1 January 2001	3,479
Charge for year	<u>4,312</u>
At 31 December 2001	<u>7,791</u>
NET BOOK VALUE:	
At 31 December 2001	<u>46,952</u>
At 31 December 2000	<u>28,029</u>

8. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Property improvements £	Plant and machinery £
COST OR VALUATION:			
At 1 January 2001	953,764	76,445	3,154,563
Additions	-	-	64,072
Disposals	<u>-</u>	<u>-</u>	<u>(16,687)</u>
At 31 December 2001	<u>953,764</u>	<u>76,445</u>	<u>3,201,948</u>
DEPRECIATION:			
At 1 January 2001	2,650	40,338	1,167,305
Charge for year	10,600	3,612	209,974
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(4,005)</u>
At 31 December 2001	<u>13,250</u>	<u>43,950</u>	<u>1,373,274</u>
NET BOOK VALUE:			
At 31 December 2001	<u>940,514</u>	<u>32,495</u>	<u>1,828,674</u>
At 31 December 2000	<u>951,114</u>	<u>36,107</u>	<u>1,987,258</u>

BANRO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001

8. TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Motor vehicles £	Totals £
COST:			
At 1 January 2001	105,367	99,882	4,390,021
Additions	40,578	-	104,650
Disposals	<u>-</u>	<u>(19,500)</u>	<u>(36,187)</u>
At 31 December 2001	<u>145,945</u>	<u>80,382</u>	<u>4,458,484</u>
DEPRECIATION:			
At 1 January 2001	44,195	70,236	1,324,724
Charge for year	20,339	5,388	249,913
Eliminated on disposal	<u>-</u>	<u>(9,332)</u>	<u>(13,337)</u>
At 31 December 2001	<u>64,534</u>	<u>66,292</u>	<u>1,561,300</u>
NET BOOK VALUE:			
At 31 December 2001	<u>81,411</u>	<u>14,090</u>	<u>2,897,184</u>
At 31 December 2000	<u>61,172</u>	<u>29,646</u>	<u>3,065,297</u>

The net book value of tangible fixed assets includes £823,579 (2000 - £869,310) in respect of assets held under hire purchase contracts.

Part of the plant and machinery of the group was re-valued on 30 June 1992 at £1,366,700 by B Davies (Engineering and Industrial Consultant). From 1 July 1992 depreciation has been calculated on the re-valued amount.

Company

	Freehold property £
COST:	
At 1 January 2001 and 31 December 2001	<u>953,764</u>
DEPRECIATION:	
At 1 January 2001	2,650
Charge for year	<u>10,600</u>
At 31 December 2001	<u>13,250</u>
NET BOOK VALUE:	
At 31 December 2001	<u>940,514</u>
At 31 December 2000	<u>951,114</u>

BANRO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001

9. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
COST:	
At 1 January 2001	6,194,503
Additions	<u>8,360</u>
At 31 December 2001	<u>6,202,863</u>
NET BOOK VALUE:	
At 31 December 2001	<u>6,202,863</u>
At 31 December 2000	<u>6,194,503</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Banro Sections Limited

Nature of business: Steel processing

	%
Class of shares:	holding
Ordinary	100.00

	2001 £	2000 £
Aggregate capital and reserves	2,120,127	2,073,470
Profit for the year	<u>46,657</u>	<u>360,667</u>

BANRO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001

9. **FIXED ASSET INVESTMENTS - continued**

Company

Renaissance Enlightened Building Ltd

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

	2001	2000
	£	£
Aggregate capital and reserves	(21,782)	(21,715)
Loss for the year	<u>(67)</u>	<u>-</u>

Banro Framing Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

	2001	2000
	£	£
Aggregate capital and reserves	<u>1</u>	<u>1</u>

Banro Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

	2001	2000
	£	£
Aggregate capital and reserves	<u>-</u>	<u>-</u>

10. **STOCKS**

	Group	
	2001	2000
	£	£
Stocks	162,650	229,205
Finished goods	<u>164,321</u>	<u>171,124</u>
	<u>326,971</u>	<u>400,329</u>

11. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Trade debtors	1,248,302	1,098,626	20,172	-
Other debtors	11,747	6,230	-	3,628
Group relief	-	-	-	92,597
Prepayments	<u>89,140</u>	<u>97,618</u>	<u>-</u>	<u>-</u>
	<u>1,349,189</u>	<u>1,202,474</u>	<u>20,172</u>	<u>96,225</u>

BANRO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loans and overdrafts (see note 14)	494,243	68,333	74,084	23,333
Hire purchase contracts (see note 15)	191,912	210,195	-	-
Trade creditors	1,238,102	1,513,911	31,956	-
Corporation tax	-	57,851	-	-
Social security and other taxes	97,394	154,261	13,267	22,012
Other creditors	957,077	985,113	-	-
Fixed rate unsecured loan notes (see note 14)	105,819	42,323	105,819	42,323
Accrued expenses	<u>83,957</u>	<u>93,422</u>	<u>39,788</u>	<u>24,123</u>
	<u>3,168,504</u>	<u>3,125,409</u>	<u>264,914</u>	<u>111,791</u>

Details in respect of secured debts are shown in note 16.

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

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loans (see note 14)	630,864	721,667	630,864	676,667
Hire purchase contracts (see note 15)	302,747	464,856	-	-
Fixed rate unsecured loan notes (see note 14)	70,543	169,317	70,543	169,317
Accrued interest on loan notes	290,222	88,622	290,222	88,622
Variable rate unsecured loan notes (see note 14)	3,516,000	3,516,000	3,516,000	3,516,000
Group undertakings	<u>-</u>	<u>-</u>	<u>1,822,642</u>	<u>2,018,567</u>
	<u>4,810,376</u>	<u>4,960,462</u>	<u>6,330,271</u>	<u>6,469,173</u>

Details in respect of secured debts are shown in note 16.

BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001**

14. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	397,391	-	22,232	-
Bank loans - less than 1 yr	96,852	68,333	51,852	23,333
Loan notes - less than 1 yr	<u>105,819</u>	<u>42,323</u>	<u>105,819</u>	<u>42,323</u>
	<u>600,062</u>	<u>110,656</u>	<u>179,903</u>	<u>65,656</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	51,852	115,000	51,852	115,000
Loan notes - 1-2 years	<u>70,543</u>	<u>28,219</u>	<u>70,543</u>	<u>28,219</u>
	<u>122,395</u>	<u>143,219</u>	<u>122,395</u>	<u>143,219</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	155,556	280,000	155,556	280,000
Loan notes - 2-5 years	<u>3,516,000</u>	<u>3,657,098</u>	<u>3,516,000</u>	<u>3,657,098</u>
	<u>3,671,556</u>	<u>3,937,098</u>	<u>3,671,556</u>	<u>3,937,098</u>
Amounts falling due after five years:				
Bank loans - more than 5 years	<u>423,456</u>	<u>326,667</u>	<u>423,456</u>	<u>326,667</u>

Interest is payable at a rate of 10% per annum on fixed rate unsecured loan notes.

The interest on the variable rate unsecured loan notes is currently 10% per annum and this will be increased to 15% per annum from 1 January 2003.

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Group	Hire purchase contracts	
	2001	2000
	£	£
Gross obligations repayable:		
Within one year	247,941	270,439
Between one and five years	<u>390,677</u>	<u>603,697</u>
	<u>638,618</u>	<u>874,136</u>
Finance charges repayable:		
Within one year	56,029	60,244
Between one and five years	<u>87,930</u>	<u>138,841</u>
	<u>143,959</u>	<u>199,085</u>
Net obligations repayable:		
Within one year	191,912	210,195
Between one and five years	<u>302,747</u>	<u>464,856</u>
	<u>494,659</u>	<u>675,051</u>

BANRO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2001	2000
	£	£
Bank overdrafts	397,391	-
Bank loans	727,716	790,000
Hire purchase contracts	494,659	675,051
Factoring loan	<u>956,991</u>	<u>985,026</u>
	<u><u>2,576,757</u></u>	<u><u>2,450,077</u></u>

The bank loans and overdrafts are secured by debenture over the assets of the group.

The hire purchase contracts are secured on the assets to which the finance relates.

The factoring loan is secured on the trade debtors of the group.

17. PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2001	2000
	£	£
Deferred tax	<u>374,058</u>	<u>367,427</u>
Group		
	Deferred	Deferred
	Tax	Tax
	£	£
Balance at 1 January 2001	367,427	392,696
Accelerated capital allowances	7,505	(85,484)
Research & development	<u>(874)</u>	<u>60,215</u>
Balance at 31 December 2001	<u><u>374,058</u></u>	<u><u>367,427</u></u>

Deferred tax has been provided on the full provision method.

In respect of capital gains held over, deferred tax of £72,982 (2000: £72,982) is unprovided as the gain was reinvested in freehold property which the group does not intend to dispose of in the foreseeable future.

BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001**

18. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	2001	2000
Number:	Class:		£	£
112,843	Ordinary shares	10p	11,284	11,284
64,000	Redeemable Preference shares	10p	6,400	6,400
40,000	B Ordinary Shares	10p	4,000	4,000
184,000	A Ordinary Shares	10p	18,400	18,400
100,000	A Redeemable Preference Shares	10p	<u>10,000</u>	<u>10,000</u>
			<u>50,084</u>	<u>50,084</u>
Allotted, issued and fully paid:		Nominal value:	2001	2000
Number:	Class:		£	£
112,843	Ordinary shares	10p	11,284	11,284
64,000	Redeemable Preference shares	10p	6,400	6,400
40,000	B Ordinary Shares	10p	4,000	4,000
184,000	A Ordinary Shares	10p	18,400	18,400
100,000	A Redeemable Preference Shares	10p	<u>10,000</u>	<u>10,000</u>
			<u>50,084</u>	<u>50,084</u>

The rights attaching to shares are shown in note 26.

19. RESERVES

Group

	Profit and loss account £	Share premium £	Totals £
At 1 January 2001	441,693	450,759	892,452
Loss for the year	<u>(263,696)</u>		<u>(263,696)</u>
At 31 December 2001	<u>177,997</u>	<u>450,759</u>	<u>628,756</u>

Company

	Profit and loss account £	Share premium £	Totals £
At 1 January 2001	201,807	450,759	652,566
Loss for the year	<u>(87,334)</u>		<u>(87,334)</u>
At 31 December 2001	<u>114,473</u>	<u>450,759</u>	<u>565,232</u>

20. CONTINGENT LIABILITIES

At 31 December 2001 the all group companies were party to a group overdraft facility with cross guarantees. Details of group borrowings at the year end are shown in note 14.

BANRO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2001

21. CAPITAL COMMITMENTS

	2001 £	2000 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>-</u>

22. OTHER FINANCIAL COMMITMENTS

At 31 December 2001 the group had annual commitments under material non-cancelable operating leases as follows:

In respect of land & buildings, upon which the lease expires between two and five years, the annual rental is £69,000 (2000: £69,000).

23. TRANSACTIONS WITH DIRECTORS

There were no material transactions with directors during the year.

24. RELATED PARTY DISCLOSURES

The group has no ultimate controlling party due to no one person owning more than 50% of the company's ordinary shares.

Finance charges were incurred from the following related parties:

3i Plc (Former shareholder of Banro Limited) - £19,487 (2000: £21,164)

J Hayward (Former shareholder of Banro Limited) - £nil (2000: £10,794)

T J Coyne (Former shareholder of Banro Limited) - £nil (2000: £24,480)

Midland Ind. Holdings Ltd (Former shareholder of Banro Limited) £nil (2000: £27,941)

Albemarle Nominees (London) Ltd (Shareholder of Banro Holdings Ltd) £201,600 (2000: £176,042)

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2001 £	2000 £
(Loss)/Profit for the financial year	(263,696)	318,984
Share capital issued	<u>-</u>	<u>16,843</u>
Net (reduction)/addition to shareholders' funds	(263,696)	335,827
Opening shareholders' funds	<u>942,536</u>	<u>606,709</u>
Closing shareholders' funds	<u>678,840</u>	<u>942,536</u>
Equity interests	<u>678,840</u>	<u>942,536</u>

BANRO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2001	2000
	£	£
(Loss)/Profit for the financial year	(87,334)	113,828
Share capital issued	<u>-</u>	<u>16,843</u>
Net (reduction)/addition to shareholders' funds	(87,334)	130,671
Opening shareholders' funds	<u>702,650</u>	<u>571,979</u>
Closing shareholders' funds	<u>615,316</u>	<u>702,650</u>
Equity interests	<u>615,316</u>	<u>702,650</u>

26. SHARE RIGHTS

a. Voting Rights

The ordinary, A ordinary and B ordinary shares carry all of the voting rights with one share equating to one vote.

b. Winding Up

- i) The A preference shares rank first for redemption on a winding up. The value of their redemption is linked to the cost as if they were normally redeemed based on the following table:

	£3.85	Per share
Prior to 1 January 2000		
2001	£5.91	“ “
2002	£9.21	“ “
2003	£12.75	“ “
2004	£16.55	“ “
2005	£20.65	“ “
2006	£25.04	“ “

- ii) Secondly in paying the A ordinary shares an amount equal to £1 per A ordinary share together with all accruals and arrears of the A preference dividend (whether earned or declared) calculated up to the date on which the return on capital is made.
- iii) Thirdly in paying to the preference shareholders an amount equal to £1 per preference share.
- iv) Fourthly in paying to the ordinary shareholders and the B ordinary shareholders (pari passu as if the same constitute one class of share).
- v) Finally, distributing the balance of the net assets amongst the ordinary, A ordinary and B ordinary shareholders (pari passu as if the same constituted one class of share) in proportion to the amounts credited as paid up.

BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001**

c. Dividend Rights

No dividends are payable until the fixed rate unsecured loan notes have been fully repaid.

- i) The profit available for lawful distribution in respect of each accounting period shall firstly be applied in paying to the A ordinary shareholders as a class a fixed cumulative preferential cash dividend at a rate equal to the greater of:

- 10 pence per A ordinary share per annum; or
- 19.16% of the consolidated group profits.

This distribution is payable twice in arrears on 31 December and 30 June.

- ii) Any further distribution (not exceeding the amount recommended by the directors) be paid to the ordinary and B ordinary shareholders constituting as one class of share up to such amount per share as corresponds with the amount paid per A ordinary share. If the distribution exceeds the distribution per share paid to the A ordinary shareholders, the ordinary, A ordinary and B ordinary shares are classed as one class of share and the distribution is paid equally per share.
- iii) The holders of the preference shares and the A preference shares shall not be entitled to receive any dividend or participate in the profits of the company.

d. Redemption

- i) A Preference Shares:

Provided always that a like proportion of the variable rate unsecured loan notes are repaid, the company may at any time redeem the A preference shares at a cost displayed in the above table. Notwithstanding that no later than 31 December 2004, 50% of the shares are redeemed and no later than 31 December 2005 all remaining A preference share will be redeemed at the cost displayed in the redemption table above.

- ii) Preference Shares:

Subject to the full redemption of the A preference shares, the company may at any time redeem the preference shares at a redemption price of £1 per share.

BANRO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2001

27. POST BALANCE SHEET EVENTS

On 5 July 2002 the group restructured its debt whereby the 'A' loan notes of £3,516,000 and accrued interest thereon of £190,222 were converted to 1,769,807 new Deferred Shares of 10 pence each.

If the conversion had occurred on 31 December 2001 the restructured consolidated balance sheet at that date would be presented as follows:

RESTRUCTURED CONSOLIDATED BALANCE SHEET
31 December 2001

	£	£
FIXED ASSETS:		
Intangible assets		4,455,296
Tangible assets		<u>2,897,183</u>
		7,352,479
CURRENT ASSETS:		
Stocks	326,971	
Debtors	1,349,189	
Cash at bank and in hand	<u>-</u>	
	1,676,160	
CREDITORS:		
Amounts falling due within one year	<u>3,207,259</u>	
NET CURRENT LIABILITIES:		<u>(1,531,099)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		5,821,380
CREDITORS:		
Amounts falling due after more than one year		(1,104,154)
PROVISIONS FOR LIABILITIES AND CHARGES:		<u>(374,058)</u>
		<u><u>£4,343,168</u></u>
CAPITAL AND RESERVES:		
Called up share capital		182,835
Share premium		3,982,336
Profit and loss account		<u>177,997</u>
		<u><u>£4,343,168</u></u>