

REGISTERED NUMBER: 3620695 (England and Wales)

BANRO HOLDINGS LIMITED

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**



Michael Dufty Partnership
Registered Auditors
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 2002**

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BANRO HOLDINGS LIMITED
COMPANY INFORMATION
for the Year Ended 31 December 2002

DIRECTORS:

J L Evans
G L Barnes
J Skivington
M W Evans

SECRETARY:

M W 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 2002

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2002.

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.

CHANGE OF NAME

On 4 February 2003 the company changed its name to Renaissance Construction Systems Limited.

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.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2002.

RESEARCH AND DEVELOPMENT

There has been significant development of modular steel-framed building systems which made an initial contribution in the year.

DIRECTORS

The directors during the year under review were:

J L Evans
G L Barnes
J Skivington
M W Evans

The beneficial interests of the directors holding office on 31 December 2002 in the issued share capital of the company were as follows:

	31.12.02	1.1.02
Ordinary shares 10p shares		
J L Evans	-	48,000
G L Barnes	-	-
J Skivington	-	16,483
M W Evans	-	-
Redeemable Preference shares 10p shares		
J L Evans	32,000	32,000
G L Barnes	-	-
J Skivington	-	-
M W Evans	-	-
B Ordinary Shares 10p shares		
J L Evans	-	20,000
G L Barnes	-	-
J Skivington	-	-
M W Evans	-	-

BANRO HOLDINGS LIMITED

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2002**

	31.12.02	1.1.02
New A Ordinary shares 10p shares		
J L Evans	83,587	-
G L Barnes	-	-
J Skivington	-	-
M W Evans	-	-
New B Ordinary shares 10p shares		
J L Evans	68,000	-
G L Barnes	-	-
J Skivington	16,843	-
M W Evans	10,106	-

POLITICAL AND CHARITABLE DONATIONS

There were no political and 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 the group and of the profit or loss of the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

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

ON BEHALF OF THE BOARD:



M W Evans - SECRETARY

Dated: 4 March 2003

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 2002 on pages five to twenty eight. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) 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 2002 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 Duffy Partnership
Registered Auditors
The Counting House
61 Charlotte Street
St. Paul's Square
Birmingham B3 1PX

Dated: 4 March 2003

BANRO HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2002

		2002		2001	
	Notes	£	£	£	£
TURNOVER			9,673,218		8,255,896
Cost of sales			<u>6,962,237</u>		<u>5,906,468</u>
GROSS PROFIT			2,710,981		2,349,428
Distribution costs		451,466		346,307	
Administrative expenses		<u>2,131,265</u>		<u>1,830,271</u>	
			<u>2,582,731</u>		<u>2,176,578</u>
OPERATING PROFIT	3		128,250		172,850
Interest receivable and similar income			<u>2</u>		<u>15</u>
			128,252		172,865
Interest payable and similar charges	4		<u>94,287</u>		<u>424,059</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			33,965		(251,194)
Tax on profit/(loss) on ordinary activities	5		<u>180,419</u>		<u>12,502</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION			<u>(146,454)</u>		<u>(263,696)</u>
DEFICIT FOR THE YEAR FOR THE GROUP			<u>£(146,454)</u>		<u>£(263,696)</u>

CONTINUING OPERATIONS

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

The notes form part of these financial statements

BANRO HOLDINGS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Year Ended 31 December 2002**

	<u>2002</u>	<u>2001</u>
	£	£
LOSS FOR THE FINANCIAL YEAR	(146,454)	(263,696)
Revaluation of freehold property	<u>221,737</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>£75,283</u>	<u>£(263,696)</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the Year Ended 31 December 2002**

	<u>2002</u>	<u>2001</u>
	£	£
REPORTED PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	33,965	(251,194)
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>21,058</u>	<u>23,398</u>
HISTORICAL COST PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>£55,023</u>	<u>£(227,796)</u>
Historical cost loss for the year retained after taxation	<u>£(125,396)</u>	<u>£(240,298)</u>

The notes form part of these financial statements

BANRO HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
31 December 2002

		2002		2001	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	7		4,083,494		4,455,295
Tangible assets	8		<u>3,073,277</u>		<u>2,897,184</u>
			7,156,771		7,352,479
CURRENT ASSETS					
Stocks	10	273,468		326,971	
Debtors	11	1,395,305		1,349,189	
Cash at bank and in hand		<u>178,072</u>		<u>3,139</u>	
		1,846,845		1,679,299	
CREDITORS					
Amounts falling due within one year	12	<u>2,898,370</u>		<u>3,168,504</u>	
NET CURRENT LIABILITIES			<u>(1,051,525)</u>		<u>(1,489,205)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,105,246		5,863,274
CREDITORS					
Amounts falling due after more than one year	13		(1,170,693)		(4,810,376)
PROVISIONS FOR LIABILITIES AND CHARGES	17		<u>(516,101)</u>		<u>(374,058)</u>
			<u>£4,418,452</u>		<u>£678,840</u>
CAPITAL AND RESERVES					
Called up share capital	18		229,635		50,084
Share premium	19		3,935,537		450,759
Revaluation reserve	19		221,737		-
Profit and loss account	19		<u>31,543</u>		<u>177,997</u>
SHAREHOLDERS' FUNDS	25		<u>£4,418,452</u>		<u>£678,840</u>

ON BEHALF OF THE BOARD:



J L Evans - DIRECTOR

Approved by the Board on 4 March 2003

The notes form part of these financial statements

BANRO HOLDINGS LIMITED

COMPANY BALANCE SHEET
31 December 2002

		2002		2001	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	7		166,947		46,952
Tangible assets	8		1,328,942		940,514
Investments	9		<u>6,202,863</u>		<u>6,202,863</u>
			7,698,752		7,190,329
CURRENT ASSETS					
Stocks	10	25,081		-	
Debtors	11	352,295		20,172	
Cash at bank and in hand		<u>61,108</u>		<u>-</u>	
		438,484		20,172	
CREDITORS					
Amounts falling due within one year	12	<u>606,210</u>		<u>264,914</u>	
NET CURRENT LIABILITIES			<u>(167,726)</u>		<u>(244,742)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,531,026		6,945,587
CREDITORS					
Amounts falling due after more than one year	13		(3,149,376)		(6,330,271)
PROVISIONS FOR LIABILITIES AND CHARGES	17		<u>(139,252)</u>		<u>-</u>
			<u>£4,242,398</u>		<u>£615,316</u>
CAPITAL AND RESERVES					
Called up share capital	18		229,635		50,084
Share premium	19		3,935,537		450,759
Revaluation reserve	19		221,737		-
Profit and loss account	19		<u>(144,511)</u>		<u>114,473</u>
SHAREHOLDERS' FUNDS	25		<u>£4,242,398</u>		<u>£615,316</u>

ON BEHALF OF THE BOARD:



J L Evans - DIRECTOR

Approved by the Board on 4 March 2003

The notes form part of these financial statements

BANRO HOLDINGS LIMITED

**CASH FLOW STATEMENT
for the Year Ended 31 December 2002**

		<u>2002</u>		<u>2001</u>	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		1,043,412		272,648
Returns on investments and servicing of finance	2		(194,285)		(222,444)
Taxation			-		(63,721)
Capital expenditure	2		<u>(110,577)</u>		<u>(124,753)</u>
			738,550		(138,270)
Financing	2		<u>(166,226)</u>		<u>(305,989)</u>
Increase in cash in the period			<u>£572,324</u>		<u>£(444,259)</u>
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period		572,324		(444,259)	
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>166,226</u>		<u>305,989</u>	
Change in net debt resulting from cash flows			738,550		(138,270)
Non-cash movements			<u>3,474,194</u>		-
Movement in net debt in the period			4,212,744		(138,270)
Net debt at 1 January			<u>(6,266,067)</u>		<u>(6,127,797)</u>
Net debt at 31 December			<u>£(2,053,323)</u>		<u>£(6,266,067)</u>

The notes form part of these financial statements

BANRO HOLDINGS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 2002**

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

	2002 £	2001 £
Operating profit	128,250	172,850
Depreciation charges	603,218	501,128
Loss on disposal of fixed assets	12,553	14,170
Decrease in stocks	53,503	73,358
Increase in debtors	(46,116)	(146,715)
Increase/(Decrease) in creditors	<u>292,004</u>	<u>(342,143)</u>
Net cash inflow from operating activities	<u><u>1,043,412</u></u>	<u><u>272,648</u></u>

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

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	2	15
Interest paid	(124,018)	(160,824)
Interest element of hire purchase payments	<u>(70,269)</u>	<u>(61,635)</u>
Net cash outflow for returns on investments and servicing of finance	<u><u>(194,285)</u></u>	<u><u>(222,444)</u></u>
Capital expenditure		
Purchase of intangible fixed assets	(3,754)	(28,783)
Purchase of tangible fixed assets	(107,823)	(104,650)
Sale of tangible fixed assets	<u>1,000</u>	<u>8,680</u>
Net cash outflow for capital expenditure	<u><u>(110,577)</u></u>	<u><u>(124,753)</u></u>
Financing		
Capital repayments in year	(107,045)	(180,392)
Share issue	10,106	-
Redemption of share capital	(52,000)	-
New mortgage	1,007,500	-
Mortgage repayments	(682,716)	(17,284)
Other loan repayments	(45,000)	(45,000)
Loan note repayments	(35,272)	(35,278)
Movement in other loan creditors	<u>(261,799)</u>	<u>(28,035)</u>
Net cash inflow from financing	<u><u>(166,226)</u></u>	<u><u>(305,989)</u></u>

The notes form part of these financial statements

BANRO HOLDINGS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 2002**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.02 £	Cash flow £	Other non cash movements £	At 31.12.02 £
Net cash:				
Cash at bank and in hand	3,139	174,933		178,072
Bank overdraft	(397,391)	397,391		-
	<u>(394,252)</u>	<u>572,324</u>		<u>178,072</u>
Debt:				
Hire purchase	(494,659)	107,045		(387,614)
Debts falling due Within one year	(1,053,930)	358,651	(141,002)	(836,281)
Debts falling due After one year	(4,323,226)	(299,470)	3,615,196	(1,007,500)
	<u>(5,871,815)</u>	<u>166,226</u>	<u>3,474,194</u>	<u>(2,231,395)</u>
Total	<u>(6,266,067)</u>	<u>738,550</u>	<u>3,474,194</u>	<u>(2,053,323)</u>

Included in non cash movements of £3,474,194 is £3,516,000 which represents loan notes converted into deferred share capital.

BANRO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2002

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

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

Goodwill

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

Patents relate to new manufacturing methods from which, in the opinion of the directors, benefits will arise in future periods.

Patents acquired are amortised 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.

Freehold buildings	- 2% on cost
Property improvements	- 10% on reducing balance
Plant and machinery	- 10% on reducing balance
Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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.

The current project is being amortised over two years.

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 transaction. Exchange differences are taken into account in arriving at the operating result.

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.

BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002**

1. ACCOUNTING POLICIES - continued

Pensions

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

2. STAFF COSTS

	2002 £	2001 £
Wages and salaries	1,798,593	1,562,862
Social security costs	152,036	144,351
Other pension costs	29,138	33,489
	<u>1,979,767</u>	<u>1,740,702</u>

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

	2002	2001
Office & Management	15	14
Production & Sales	<u>57</u>	<u>58</u>
	<u>72</u>	<u>72</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2002 £	2001 £
Hire of plant and machinery	24,430	34,228
Other operating leases	26,436	30,813
Depreciation - owned assets	75,293	159,427
Depreciation - assets on hire purchase contracts	153,116	90,486
Loss on disposal of fixed assets	12,553	14,170
Goodwill written off	243,898	244,734
Research and development written off	123,628	-
Patents and licences written off	8,029	6,481
Auditors remuneration	<u>20,200</u>	<u>14,000</u>
Directors' emoluments	308,709	247,298
Compensation to director for loss of office	<u>-</u>	<u>9,087</u>

Information regarding the highest paid director is as follows:

	2002 £	2001 £
Emoluments etc	<u>163,793</u>	<u>127,111</u>

BANRO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2002

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Interest on bank overdrafts and other loans:		
Repayable within 5 years	24,018	311,624
Repayable in more than 5 years	-	50,800
Hire purchase interest	<u>70,269</u>	<u>61,635</u>
	<u>94,287</u>	<u>424,059</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2002 £	2001 £
Current tax:		
UK corporation tax	126,125	5,870
Deferred tax:		
Deferred taxation	<u>54,294</u>	<u>6,632</u>
Tax on profit/(loss) on ordinary activities	<u>180,419</u>	<u>12,502</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 £(258,984) (2001 - £(87,334)).

7. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Research and Development £	Patents and licences £	Totals £
COST:				
At 1 January 2002	4,877,951	247,256	84,604	5,209,811
Additions	<u>-</u>	<u>-</u>	<u>3,754</u>	<u>3,754</u>
At 31 December 2002	<u>4,877,951</u>	<u>247,256</u>	<u>88,358</u>	<u>5,213,565</u>
AMORTISATION:				
At 1 January 2002	731,693	-	22,823	754,516
Charge for year	<u>243,898</u>	<u>123,628</u>	<u>8,029</u>	<u>375,555</u>
At 31 December 2002	<u>975,591</u>	<u>123,628</u>	<u>30,852</u>	<u>1,130,071</u>
NET BOOK VALUE:				
At 31 December 2002	<u>3,902,360</u>	<u>123,628</u>	<u>57,506</u>	<u>4,083,494</u>
At 31 December 2001	<u>4,146,258</u>	<u>247,256</u>	<u>61,781</u>	<u>4,455,295</u>

BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002**

7. INTANGIBLE FIXED ASSETS - continued

Company	Research and Development £	Patents and licences £	Totals £
COST:			
At 1 January 2002	-	54,743	54,743
Additions	<u>247,256</u>	<u>2,048</u>	<u>249,304</u>
At 31 December 2002	<u>247,256</u>	<u>56,791</u>	<u>304,047</u>
AMORTISATION:			
At 1 January 2002	-	7,791	7,791
Charge for year	<u>123,628</u>	<u>5,681</u>	<u>129,309</u>
At 31 December 2002	<u>123,628</u>	<u>13,472</u>	<u>137,100</u>
NET BOOK VALUE:			
At 31 December 2002	<u>123,628</u>	<u>43,319</u>	<u>166,947</u>
At 31 December 2001	<u>-</u>	<u>46,952</u>	<u>46,952</u>

8. TANGIBLE FIXED ASSETS

Group	Freehold property £	Property improvements £	Plant and machinery £
COST OR VALUATION:			
At 1 January 2002	953,764	76,445	3,201,948
Additions	-	-	71,178
Disposals	-	-	(37,095)
Revaluations	<u>296,236</u>	<u>-</u>	<u>-</u>
At 31 December 2002	<u>1,250,000</u>	<u>76,445</u>	<u>3,236,031</u>
DEPRECIATION:			
At 1 January 2002	13,250	43,950	1,373,274
Charge for year	-	3,250	192,931
Eliminated on disposal	-	-	(23,542)
Revaluation adjustment	<u>(13,250)</u>	<u>-</u>	<u>-</u>
At 31 December 2002	<u>-</u>	<u>47,200</u>	<u>1,542,663</u>
NET BOOK VALUE:			
At 31 December 2002	<u>1,250,000</u>	<u>29,245</u>	<u>1,693,368</u>
At 31 December 2001	<u>940,514</u>	<u>32,495</u>	<u>1,828,674</u>

BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002**

8. TANGIBLE FIXED ASSETS - continued

Group

	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION:			
At 1 January 2002	145,945	80,382	4,458,484
Additions	14,645	22,000	107,823
Disposals	-	-	(37,095)
Revaluations	-	-	296,236
At 31 December 2002	<u>160,590</u>	<u>102,382</u>	<u>4,825,448</u>
DEPRECIATION:			
At 1 January 2002	64,534	66,292	1,561,300
Charge for year	24,751	6,731	227,663
Eliminated on disposal	-	-	(23,542)
Revaluation adjustment	-	-	(13,250)
At 31 December 2002	<u>89,285</u>	<u>73,023</u>	<u>1,752,171</u>
NET BOOK VALUE:			
At 31 December 2002	<u>71,305</u>	<u>29,359</u>	<u>3,073,277</u>
At 31 December 2001	<u>81,411</u>	<u>14,090</u>	<u>2,897,184</u>

Included in land and buildings is freehold land valued at £720,000 (2001 - £423,764) which is not depreciated.

Cost or valuation at 31 December 2002 is represented by:

	Freehold property £	Property improvements £	Plant and machinery £
Valuation in 1992	-	-	1,366,700
Valuation in 2002	1,250,000	-	-
Cost	<u>-</u>	<u>76,445</u>	<u>1,869,331</u>
	<u>1,250,000</u>	<u>76,445</u>	<u>3,236,031</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 1992	-	-	1,366,700
Valuation in 2002	-	-	1,250,000
Cost	<u>160,590</u>	<u>102,382</u>	<u>2,208,748</u>
	<u>160,590</u>	<u>102,382</u>	<u>4,825,448</u>



BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002**

8. TANGIBLE FIXED ASSETS - continued

Group

If the land and buildings had not been revalued they would have been included at the following historical cost:

	2002 £	2001 £
Cost	<u>953,764</u>	<u>-</u>
Aggregate depreciation	<u>23,850</u>	<u>-</u>
Value of land in freehold land and buildings	<u>423,764</u>	<u>-</u>

Freehold land and buildings were valued on an open market basis on 20 November 2002 by Aitchison and Raffety.

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.

The net book value of tangible fixed assets includes £1,399,874 (2001 - £823,579) in respect of assets held under hire purchase contracts.

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION:					
At 1 January 2002	953,764	-	-	-	953,764
Additions and group transfers	-	55,861	17,397	22,000	95,258
Revaluations	<u>296,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,236</u>
At 31 December 2002	<u>1,250,000</u>	<u>55,861</u>	<u>17,397</u>	<u>22,000</u>	<u>1,345,258</u>
DEPRECIATION:					
At 1 January 2002	13,250	-	-	-	13,250
Charge for year	-	4,961	3,863	3,208	12,032
Revaluation adjustment	(13,250)	-	-	-	(13,250)
Group transfer	<u>-</u>	<u>4,024</u>	<u>260</u>	<u>-</u>	<u>4,284</u>
At 31 December 2002	<u>-</u>	<u>8,985</u>	<u>4,123</u>	<u>3,208</u>	<u>16,316</u>
NET BOOK VALUE:					
At 31 December 2002	<u>1,250,000</u>	<u>46,876</u>	<u>13,274</u>	<u>18,792</u>	<u>1,328,942</u>
At 31 December 2001	<u>940,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>940,514</u>

Cost or valuation at 31 December 2002 is represented by:

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2002	1,250,000	-	-	-	1,250,000
Cost	<u>-</u>	<u>55,861</u>	<u>17,397</u>	<u>22,000</u>	<u>95,258</u>
	<u>1,250,000</u>	<u>55,861</u>	<u>17,397</u>	<u>22,000</u>	<u>1,345,258</u>

BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002**

9. FIXED ASSET INVESTMENTS

Company

Unlisted
investments
£

COST:

At 1 January 2002

and 31 December 2002

6,202,863

NET BOOK VALUE:

At 31 December 2002

6,202,863

At 31 December 2001

6,202,863

The group or 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:

Ordinary

%
holding
100.00

Aggregate capital and reserves

Retained profit for the year

2002
£
2,480,607
360,480

2001
£
2,120,127
46,657

Renaissance Enlightened Building Ltd

Nature of business: Dormant

Class of shares:

Ordinary

%
holding
100.00

Aggregate capital and reserves

Loss for the year

2002
£
(21,782)
-

2001
£
(21,782)
(67)

Banro Framing Limited

Nature of business: Dormant

Class of shares:

Ordinary

%
holding
100.00

Aggregate capital and reserves

2002
£
1

2001
£
1

BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002**

10. STOCKS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Stocks	149,222	162,650	17,306	-
Finished goods	<u>124,246</u>	<u>164,321</u>	<u>7,775</u>	<u>-</u>
	<u>273,468</u>	<u>326,971</u>	<u>25,081</u>	<u>-</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors	1,262,229	1,248,302	278,716	20,172
Other debtors	1,524	11,747	45,245	-
Prepayments	<u>131,552</u>	<u>89,140</u>	<u>28,334</u>	<u>-</u>
	<u>1,395,305</u>	<u>1,349,189</u>	<u>352,295</u>	<u>20,172</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans and overdrafts (see note 14)	-	494,243	-	74,084
Hire purchase contracts (see note 15)	224,421	191,912	13,421	-
Trade creditors	1,531,964	1,238,102	310,181	31,956
Corporation tax	126,125	-	-	-
Social security and other taxes	106,669	97,394	45,451	13,267
Other creditors	695,236	957,077	65,356	-
Fixed rate unsecured loan notes	141,089	105,819	141,089	105,819
Accrued expenses	<u>72,866</u>	<u>83,957</u>	<u>30,712</u>	<u>39,788</u>
	<u>2,898,370</u>	<u>3,168,504</u>	<u>606,210</u>	<u>264,914</u>

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

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Mortgages (see note 14)	1,007,500	630,864	1,007,500	630,864
Hire purchase contracts (see note 15)	163,193	302,747	2,962	-
Fixed rate unsecured loan notes	-	70,543	-	70,543
Accrued interest on loan notes	-	290,222	-	290,222
Fixed rate unsecured loan notes	-	3,516,000	-	3,516,000
Group undertakings	<u>-</u>	<u>-</u>	<u>2,138,914</u>	<u>1,822,642</u>
	<u>1,170,693</u>	<u>4,810,376</u>	<u>3,149,376</u>	<u>6,330,271</u>

BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002**

14. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	397,391	-	22,232
Mortgage - less than 1 year	-	96,852	-	51,852
Loan notes - less than 1 year	<u>141,089</u>	<u>105,819</u>	<u>141,089</u>	<u>105,819</u>
	<u>141,089</u>	<u>600,062</u>	<u>141,089</u>	<u>179,903</u>
Amounts falling due between one and two years:				
Mortgage - 1-2 years	31,200	51,852	31,200	51,852
Loan notes - 1-2 years	<u>-</u>	<u>70,543</u>	<u>-</u>	<u>70,543</u>
	<u>31,200</u>	<u>122,395</u>	<u>31,200</u>	<u>122,395</u>
Amounts falling due between two and five years:				
Mortgage - 2 -5 years	103,445	155,556	103,445	155,556
Loan notes - 2 -5 years	<u>-</u>	<u>3,516,000</u>	<u>-</u>	<u>3,516,000</u>
	<u>103,445</u>	<u>3,671,556</u>	<u>103,445</u>	<u>3,671,556</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Mortgage more than 5 years	<u>872,855</u>	<u>423,456</u>	<u>872,855</u>	<u>423,456</u>

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Group	Hire purchase contracts	
	2002	2001
	£	£
Gross obligations repayable:		
Within one year	294,449	247,941
Between one and five years	<u>215,516</u>	<u>390,677</u>
	<u>509,965</u>	<u>638,618</u>
Finance charges repayable:		
Within one year	70,028	56,029
Between one and five years	<u>52,323</u>	<u>87,930</u>
	<u>122,351</u>	<u>143,959</u>
Net obligations repayable:		
Within one year	224,421	191,912
Between one and five years	<u>163,193</u>	<u>302,747</u>
	<u>387,614</u>	<u>494,659</u>

BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002**

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS - continued

Company

	Hire purchase contracts	
	2002	2001
	£	£
Gross obligations repayable:		
Within one year	15,725	-
Between one and five years	<u>3,472</u>	<u>-</u>
	<u>19,197</u>	<u>-</u>
Finance charges repayable:		
Within one year	2,304	-
Between one and five years	<u>510</u>	<u>-</u>
	<u>2,814</u>	<u>-</u>
Net obligations repayable:		
Within one year	13,421	-
Between one and five years	<u>2,962</u>	<u>-</u>
	<u>16,383</u>	<u>-</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2002	2001
	£	£
Bank overdraft	-	397,391
Mortgage	1,007,500	727,716
Hire purchase contracts	387,614	494,659
Other creditors	<u>695,192</u>	<u>956,991</u>
	<u>2,090,306</u>	<u>2,576,757</u>

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

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

17. PROVISION FOR LIABILITIES AND CHARGES

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Deferred tax	<u>516,101</u>	<u>374,058</u>	<u>139,252</u>	<u>-</u>

BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002**

17. PROVISION FOR LIABILITIES AND CHARGES - continued

Group

	Deferred tax £
Balance at 1 January 2002	374,058
Accelerated capital allowances	91,383
Research & development	(37,088)
Revaluation of property	<u>87,748</u>
Balance at 31 December 2002	<u><u>516,101</u></u>

Company

	Deferred tax £
Accelerated capital allowances	14,416
Research and development	37,088
Revaluation of property	<u>87,748</u>
Balance at 31 December 2002	<u><u>139,252</u></u>

Deferred tax provision

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Deferred taxation	<u>516,101</u>	<u>374,058</u>	<u>139,252</u>	<u>-</u>

Deferred tax has been provided on the full provision method.

In respect of capital gains held over deferred tax of £72,982 (2001: £72,982) is unprovided as the gain relates to 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 2002

18. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	2002 £	2001 £
112,843	Ordinary Shares	10p	-	11,284
64,000	Redeemable Preference Shares	10p	6,400	6,400
40,000	B Ordinary Shares	10p	-	4,000
184,000	A Ordinary Shares	10p	-	18,400
100,000	A Redeemable Preference Shares	10p	-	10,000
83,587	New A Ordinary Shares	10p	8,359	-
101,686	New B Ordinary Shares	10p	10,169	-
151,587	New C Ordinary Shares	10p	15,158	-
1,902,220	Deferred Shares	10p	190,222	-
			<u>230,308</u>	<u>50,084</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2002 £	2001 £
112,843	Ordinary Shares	10p	-	11,284
64,000	Redeemable Preference Shares	10p	6,400	6,400
40,000	B Ordinary Shares	10p	-	4,000
184,000	A Ordinary Shares	10p	-	18,400
100,000	A Redeemable Preference Shares	10p	-	10,000
83,587	New A Ordinary Shares	10p	8,359	-
94,949	New B Ordinary Shares	10p	9,495	-
151,587	New C Ordinary Shares	10p	15,159	-
1,902,220	Deferred Shares	10p	190,222	-
			<u>229,635</u>	<u>50,084</u>

During the year the company converted debt and shares into new classes of shares as follows:-
 Loan notes of £3,516,000 and interest thereon of £190,222 were converted into 1,769,807 deferred shares.
 The A ordinary shares and the A redeemable preference shares were also converted into 132,413 deferred shares.
 20,000 B ordinary shares and 48,000 ordinary shares were redeemed.
 20,000 ordinary shares and 64,843 B ordinary shares were converted into 84,843 new B ordinary shares.
 10,106 new B ordinary shares were issued for cash.
 83,587 new A ordinary shares were a bonus issue.
 151,587 A Ordinary shares were reclassified and redesignated as 151,587 C Ordinary shares
 Share rights are shown in note 26.

19. RESERVES

Group

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1 January 2002	177,997	450,759	-	628,756
Loss for the year	(146,454)	-	-	(146,454)
Share issue	-	3,484,778	-	3,484,778
Revaluation of property	-	-	221,737	221,737
At 31 December 2002	<u>31,543</u>	<u>3,935,537</u>	<u>221,737</u>	<u>4,188,817</u>

BANRO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2002

Company

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1 January 2002	114,473	450,759	-	565,232
Loss for the year	(258,984)	-	-	(258,984)
Share Issue	-	3,484,778	-	3,484,778
Revaluation of property	-	-	221,737	221,737
At 31 December 2002	<u>(144,511)</u>	<u>3,935,537</u>	<u>221,737</u>	<u>4,012,763</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 the notes to the accounts.

21. CAPITAL COMMITMENTS

	2002 £	2001 £
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 whereupon the lease expires between two and five years the annual rental is £69,000 (2001: £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 also incurred from the following related parties:

3i plc (Former shareholder of Banro Limited) - £16,432 (2001: £19,487)

Albemarle Private Equity Ltd (Shareholder of Banro Holdings Ltd) £nil (2001: £101,600)

BANRO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2002

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2002 £	2001 £
Loss for the financial year	(146,454)	(263,696)
Other recognised gains and losses relating to the year (net)	221,737	-
New share issue	3,716,329	-
Shares redeemed	(52,000)	-
Net addition/(reduction) to shareholders' funds	3,739,612	(263,696)
Opening shareholders' funds	678,840	942,536
Closing shareholders' funds	4,418,452	678,840
Equity interests	4,418,452	678,840

Company

	2002 £	2001 £
Loss for the financial year	(258,984)	(87,334)
Other recognised gains and losses relating to the year (net)	221,737	-
New share issue	3,716,329	-
Shares redeemed	(52,000)	-
Net addition/(reduction) to shareholders' funds	3,627,082	(87,334)
Opening shareholders' funds	615,316	702,650
Closing shareholders' funds	4,242,398	615,316
Equity interests	4,242,398	615,316

26. SHARE RIGHTS

The rights and restrictions attaching to the Preference Shares, the 'C' Ordinary Shares, the 'B' Ordinary Shares, the 'A' Ordinary shares and the Deferred Shares are as follows:-

As regards income

The profits of the Company which are available for lawful distribution in respect of each accounting period shall be applied as follows:-

Firstly, in paying to the Equity shareholders (pari passu as if the Equity shares constituted one class of share) in priority to the Deferred Shares, any dividend that may be determined and recommended by the Board as approved by the Investors' Director.

Secondly, and subject to the payment in full of any dividend which the Company determines to pay pursuant to the above, in paying to the Deferred Shareholders as a class 0.1 pence per Deferred Share provided always that the profits of the Company after tax exceed £100,000,000 (one hundred million pounds) for the relevant Accounting Period;

BANRO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2002

in each case the amounts from time to time credited as paid up on such shares such dividends (if any) to be paid within 30 days after the annual general meeting of the Company at which the Accounts for the relevant Accounting Period are presented to the Company in general meeting.

The holders of the Preference Shares shall not be entitled to receive any dividend or participate in the profits of the Company.

Any dividend payable under the Articles shall belong to and be paid to the holders of the 'A' Ordinary Shares, the 'B' Ordinary Shares, the 'C' Ordinary Shares or the Deferred Shares as the case may be, pro rata according to their holdings of such Shares.

As regards capital

On a return of assets whether in a winding-up or reduction of capital or otherwise (except in the case of the redemption of shares of any class or the purchase by the Company of its own shares) the assets and retained profits of the Company available for distribution among the members shall be applied as follows:-

first in paying to the Preference Shareholders an amount equal to £1 per Preference Share;

secondly in paying to the 'C' Ordinary Shareholders an amount up to £25.00 per 'C' Ordinary Shares;

thirdly in paying to the 'B' Ordinary Shareholders an amount up to £1 per 'B' Ordinary Shares;

fourthly in paying to the Equity Shareholders (pari passu as if the same constituted one class of share) an additional amount of up to £1,000 per Equity Share; and

fifthly, paying to the Deferred Shareholders an amount of up to £0.10 per Deferred Share; and

finally, in distributing the balance of such assets and retained profits amongst the Equity Shareholders (pari passu as if the same constituted one class of share) in proportion to the amounts credited as paid up on the Equity Shares held by them respectively.

The Preference Shares shall not confer any further rights of participation in the profits or assets of the Company.

As regards redemption of the Preference Shares

The Preference Shares may be redeemed at the Company's option at any time and in any proportions as a redemption price of £1 per Preference Share.

As regards voting

On a show of hands every Member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative not being himself a Member entitled to vote, shall have one vote, and on a poll every Member who is present in person or by proxy or (being a corporation) is present by a duly authorised representative shall have one vote for every Equity share of which he is a holder.

Preference Shareholders and Deferred Shareholders shall have the right to receive notice of and to attend and speak at all general meetings of the Company but shall have no right to vote at general meetings of the Company.

BANRO HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002**

As regards consents of the 'C' Ordinary Shareholders

So long as any 'C' Ordinary Shares remain outstanding the Company shall not without the written consent or sanction of the 'C' Ordinary Shareholders given in accordance with the provisions of Modification of Rights:-

modify or vary the rights attaching to the 'A' Ordinary Shares, the 'B' Ordinary Shares, the 'C' Ordinary Shares, the Preference Shares or the Deferred Shares;

reduce, or pass any resolution to reduce all or any of its share capital or any amount standing to the credit of its share premium account or capital redemption reserve fund or reduce any uncalled liability in respect of partly paid shares;

pass any resolution to alter its Memorandum or Articles of Association;

make any distribution payment or return of capital to any shareholder (other than in accordance with the Articles); or

make any distribution payment or return of an income nature to any shareholder otherwise than in accordance with the Articles; or

breach any of the provisions of the Articles; or

vary the authorised or issued share capital of the Company or any subsidiary undertaking (other than a wholly owned subsidiary undertaking); or

create or grant any options or other rights to subscribe for or to convert into or issue any shares or other securities in the capital of the Company or any subsidiary undertaking (other than a wholly owned subsidiary undertaking); or

permit any subsidiary to issue (other than to the company or a wholly owned subsidiary of the Company) any shares; or

dispose of any shares or permit any subsidiary to dispose of any shares (other than to the Company or a wholly owned subsidiary of the Company); or

take any steps to wind up the Company; or

make any material changes in the nature of the business of the Company or any subsidiary, or dispose of the whole or a substantial part of the business and undertaking of the Company.

BANRO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2002

Rights on a Sale

In the event of a Sale then, notwithstanding anything to the contrary in the terms and conditions governing such Sale, upon an Investors' Director direction, the selling Shareholders immediately prior to such Sale shall procure that the consideration (whenever received) shall be placed in a designated trustee account and shall be distributed amongst the holders of Shares as follows:

first in paying to the Preference Shareholders an amount equal to £1 per Preference Share;

secondly, in paying to the 'C' Ordinary Shareholders an amount up to £25 per 'C' Ordinary Share;

thirdly, in paying to the 'B' Ordinary Shareholders an amount up to £1 per 'B' Ordinary Share;

fourthly, in paying to the Equity Shareholders (pari passu as if the same constituted one class of share) an additional of up to £1,000 per Equity Share;

fifthly, in paying to the Deferred Shareholders an amount of up to £0.10 per Deferred Share; and

finally, in distributing the balance of such consideration amongst the Equity Shareholders (pari passu as if the same constituted one class of share) in proportion to the amounts credited as paid up on the Equity Shares held by them respectively.

The Preference Shares shall not confer any further rights of participation in the consideration.

Modification of Rights

Class Rights of 'C' Ordinary Shares

The special rights attached to the 'C' Ordinary Shares may, in each case, be altered or abrogated (whether or not the Company is being wound up) with the written consent of the holders of not less than three-quarters of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares. To any such separate general meeting all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply except that:-

the necessary quorum shall be two or more persons holding or representing by proxy not less than one-third of the issued shares of the class (provided that where all the shares of a class are registered in the name of one holder that holder present in person or by proxy may constitute a meeting);

every holder of shares of the class shall be entitled on a poll to one vote for every share held by him;

any holder of shares of the class present in person or by proxy may demand a poll; and

at any adjourned meeting of such holders one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum.