



**Report and Financial Statements**  
30th April 2001

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## **DIRECTORS AND ADVISERS**

<b>Directors</b>	J.D.S. Booth E.M. Arbib N.C. Epstein M.B. Segall K.S. Williams
<b>Secretary</b>	K.S. Williams
<b>Registered Office</b>	4 Hill Street, London W1J 5NE
<b>Auditors</b>	Moore Stephens Chartered Accountants St. Paul's House, Warwick Lane, London EC4P 4BN
<b>Nominated Adviser</b>	Insinger English Trust 44 Worship Street, London EC2A 2JT
<b>Broker</b>	Insinger Townsley 44 Worship Street, London EC2A 2JT

## CHAIRMAN'S STATEMENT

I am pleased to announce that during the year ended April 2001 we have continued to pursue our strategy of developing an international financial services group. We have always believed that this would be achieved in part through organic growth and in part through acquisition. Much of the year was spent in identifying potential acquisitions that would be strategically right and, once such opportunities had been identified, in entering into negotiations to agree appropriate terms in a market where pricing was still, in our view, relatively high.

### **Business Review**

In Italy Interfin's retail business has suffered from the global decline in markets and a resulting reduction in private client trading. The institutional money markets derivatives business however has performed strongly. Steps have been taken to ensure that staffing levels are consistent with the level of business being undertaken.

On 24th July 2001 we acquired a 50.1 per cent. interest in Paragon Capital Inc., an independent offshore asset management company. The maximum consideration for this interest, which is subject to certain performance criteria, will be U.S.\$7.69 million (£5.42 million).

Paragon specialises in the provision of discretionary portfolio management and non-discretionary brokerage services and we believe that this addition to the group will provide us with significant growth prospects.

Integrated now comprises a range of complementary businesses with good access to a variety of products and markets. Integration of these businesses is proceeding to plan.

In August, Global Investment Advisors (GIA), our wholly owned subsidiary launched a multi-strategy tracker fund of hedge funds. This vehicle is designed to allow investors to track the performance of up to 20 large hedge funds allocated to the five largest funds by asset size (in the CSFB — Tremont Hedge Fund Index) in the four main strategies, macro, market neutral, long-short equity and event-driven. In addition the fund offers a minimum investment level of U.S.\$10,000 or €10,000. Another class of shares (class B) is available with a minimum investment level of \$100,000 or €100,000 and is listed on the Dublin Stock Exchange.

The company is also marketing Capital-Protected Notes guaranteed by Lehman Brothers linked to the performance of the hedge fund. The notes will offer the investor 100 per cent capital protection at maturity and the opportunity of leveraged performance.

We will be reporting from time to time on the progress of asset gathering into these funds and are currently in discussions with a number of parties who have expressed an interest in distributing our products. We expect to make further announcements in regard to this in the near future.

### **Financial Performance**

The loss for the period 30th April 2001 was £437,821 on revenues of £529,240. The financial performance reflects the costs associated with developing, identifying and acquiring new businesses.

We have taken the first steps in creating a truly international financial services group including asset management, institutional brokerage and an innovative and proprietary hedge fund product. In the current year we hope to see a substantial increase in revenue as funds under management grow and our product range expands. We will continue to be rigorous about our costs and about strategic focus.

### **New Director**

It is a pleasure to welcome Keith Williams to our Board from 8th August 2001 as Finance Director as well as Company Secretary and to thank Raffaello Nemni, who is stepping down from the Board for his contribution over the last year and a half.

### **Annual General Meeting**

You will find enclosed Notice of Annual General Meeting to be held on Thursday 22nd November 2001. Your Board is seeking authority to issue significant numbers of shares, both generally and by disapplication of pre-emption rights. Whilst your Board has no current plans to allot any such shares, it recommends such authority be granted to enable it to respond speedily if further advantageous acquisition opportunities arise.

I would like to take this opportunity of thanking all of our employees for their hard work over the last year. Thanks to their energy and enthusiasm and given what is now in place, I view the future of our company with optimism.

**J.D.S. BOOTH**

Chairman

## REPORT OF THE DIRECTORS

### Results and Dividends

In the year ended 30th April 2001 the group made a loss of £437,821 (2000: loss £211,802). The directors do not recommend the payment of any dividend. The results for the year and progress since year-end are described in the Chairman's statement.

### Directors

Messrs. E.M. Arbib and K.S. Williams will retire by rotation at the annual general meeting and being eligible will offer themselves for re-election.

### Changes after the year-end

R.E. Nemni      Resigned 8th August 2001  
K.S. Williams    Appointed 8th August 2001

### Directors' Interests in the Company's Share Capital

The beneficial interests as defined by the Companies Act 1985 in the share capital of the company were as follows:

	<i>At 30th April 2001 Number</i>	<i>At 30th April 2000 Number</i>
J.D.S. Booth	320,000	320,000
E.M. Arbib	380,514	380,514
N.C. Epstein	480,000	480,000
M.B. Segall	—	—
K.S. Williams	—	—

In addition, E.M. Arbib has indirect interests of a further 100,000 shares through family holdings.

Interests in share options were as follows:

	<i>Granted</i>	<i>Number of options during the year</i>			
		<i>At 30th April 2001</i>	<i>Exercise price</i>	<i>Date from which exercisable</i>	<i>Expiry date</i>
J.D.S. Booth	20,000	20,000	82.5p	02.06.03	02.06.10
E.M. Arbib	100,000	100,000	82.5p	02.06.03	02.06.10
N.C. Epstein	20,000	20,000	82.5p	02.06.03	02.06.10
M.B. Segall	20,000	20,000	82.5p	02.06.03	02.06.10
K.S. Williams	20,000	20,000	82.5p	02.10.03	02.10.10

### Substantial Interests

The undernoted shareholdings as at 30th September 2001 have been advised to the company:

	<i>Number</i>	<i>Percentage Holding</i>
Pershing Keen Nominees Limited	908,369	16.78%
HSBC Global Custody Nominees (UK) Limited	705,509	13.03%
Asset Management Investment Company Plc	600,000	11.08%
London Wall Nominees Limited	456,935	8.44%
Bank Lips Limited	209,743	3.87%
Morstan Nominees Limited	200,000	3.69%
Forest Nominees Limited	200,000	3.69%

### Charitable Donations

The group made charitable donations of £200 (2000: £nil) during the financial year.

## **REPORT OF THE DIRECTORS (continued)**

### **Payment Policy**

It is company and group policy to agree payment terms with suppliers in accordance with contractual or other legal obligations. Trade creditors at 30th April 2001 represented 35 days (2000: 30 days) of annual amounts invoiced by suppliers.

### **Financial Instruments**

The group's financial instruments comprise borrowings in the form of convertible loan stock, cash and liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the financial year.

### **Interest Rate Risk**

The group has financed its operations during the year through cash held at the bank and the issue of convertible loan stock. The convertible loan stock is at a fixed rate of interest thereby the group's exposure to interest rate fluctuations is managed as this is the principal source of finance at present.

### **Liquidity Risk**

The group's policy as regards liquidity throughout the year has been to ensure that the convertible loan stock is not redeemed or converted before 6th February 2004 (as described in note 15), to enable the group to continue with its current growth strategies.

Short-term flexibility is not considered as a major issue as the group has sufficient cash funds available to meet its current working capital and acquisition needs.

### **Foreign Currency Risk**

As a result of having subsidiaries in Italy and the Cayman Islands, which give rise to short-term creditors, debtors and cash balances in Italian Lira and US Dollars, the group's balance sheet can be affected by movements in the Italian Lira/Sterling and US Dollar/Sterling rates.

### **Accounting Policies**

Material accounting policies are disclosed on page 12 of the financial statements. The group has taken the exemption available in FRS 13 to exclude short-term debtors and creditors from the numerical disclosures.

### **Auditors**

The auditors, Messrs. Moore Stephens, are willing to continue in office. A resolution for their re-appointment and authorising the directors to fix their remuneration will be submitted to the annual general meeting.

By Order of the Board

**K.S. WILLIAMS**

Company Secretary

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**for the year ended 30th April 2001**

Company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. In preparing these 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 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 group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**  
**to the Shareholders of Integrated Asset Management plc**

We have audited the financial statements on pages 8 to 20, which have been prepared under the historical cost convention, and the accounting policies set out on page 12.

**Respective Responsibilities of Directors and Auditors**

As described on page 6 the company's directors are responsible for the preparation of 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 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 misstatements, 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 and group's affairs at 30th April 2001 and of its results and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MOORE STEPHENS  
Registered Auditor  
Chartered Accountants

St. Paul's House,  
Warwick Lane,  
London EC4P 4BN

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year ended 30th April 2001

	<i>Notes</i>	<i>2001</i>		<i>2000</i>	
		£	£	£	£
<b>Turnover</b>	2				
From continuing operations		351,000		—	
From acquisitions		178,240		—	
		<u>529,240</u>		<u>—</u>	
Net operating expenses	3		(1,032,955)		(223,219)
<b>Operating Loss</b>	2				
From continuing operations		(380,839)		(223,219)	
From acquisitions		(122,876)		—	
		<u>(503,715)</u>		<u>(223,219)</u>	
Investment income	4		94,291		11,417
Interest payable	5		(58,490)		—
<b>Loss on Ordinary Activities before Taxation</b>	6		(467,914)		(211,802)
<b>Taxation on Loss on Ordinary Activities</b>	8		(2,370)		—
<b>Loss for the Financial Year</b>			(470,284)		(211,802)
Minority interest			32,463		—
<b>Retained Loss for the Year</b>			<u>(437,821)</u>		<u>(211,802)</u>
Basic loss per share	9		(8.1)p		(7.6)p
Diluted loss per share	9		(8.0)p		(7.1)p
<b>Summary of Accumulated Losses</b>					
Balance at 1st May 2000			(2,092,618)		(1,880,816)
Loss for the financial year			(437,821)		(211,802)
Balance at 30th April 2001			<u>(2,530,439)</u>		<u>(2,092,618)</u>

There are no recognised gains or losses other than those included in the profit and loss account.

# CONSOLIDATED BALANCE SHEET

30th April 2001

	<i>Notes</i>	<i>2001</i>		<i>2000</i>	
		£	£	£	£
<b>Fixed Assets</b>					
Intangible fixed assets	10		661,393		98,178
Tangible assets	11(i)		102,443		11,270
Investments	12(i)		144,650		—
			<u>908,486</u>		<u>109,448</u>
<b>Current Assets</b>					
Debtors	13	1,006,288		213,473	
Cash at bank and in hand		<u>2,937,880</u>		<u>2,094,789</u>	
		3,944,168		2,308,262	
<b>Creditors, amounts falling due within one year</b>					
	14	<u>(828,108)</u>		<u>(314,586)</u>	
<b>Net Current Assets</b>					
			<u>3,116,060</u>		<u>1,993,676</u>
<b>Total Assets Less Current Liabilities</b>					
			4,024,546		2,103,124
<b>Creditors, amounts falling due after more than one year</b>					
	15		<u>(2,018,992)</u>		<u>—</u>
			<u>2,005,554</u>		<u>2,103,124</u>
<b>Capital and Reserves</b>					
Called up share capital	16		1,082,718		1,057,200
Share premium account	17		3,193,024		3,138,542
Profit and loss account			<u>(2,530,439)</u>		<u>(2,092,618)</u>
<b>Equity Shareholders' Funds</b>					
	18		1,745,303		2,103,124
Minority interests — equity interests			<u>260,251</u>		<u>—</u>
			<u>2,005,554</u>		<u>2,103,124</u>

These financial statements were approved by the board on 22nd October and signed on their behalf by

**J.D.S. BOOTH**  
Director

**E.M. ARBIB**  
Director

## BALANCE SHEET

30th April 2001

	<i>Notes</i>	<i>2001</i>		<i>2000</i>	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	11(ii)		11,240		1,118
Investments	12(ii)		1,364,803		224,880
			<u>1,376,043</u>		<u>225,998</u>
<b>Current Assets</b>					
Debtors	13	276,088		129,785	
Cash at bank and in hand		<u>2,324,772</u>		<u>2,015,037</u>	
		2,600,860		2,144,822	
<b>Creditors, amounts falling due within one year</b>					
	14	<u>(184,626)</u>		<u>(266,032)</u>	
<b>Net Current Assets</b>			<u>2,416,234</u>		<u>1,878,790</u>
<b>Total Assets Less Current Liabilities</b>			3,792,277		2,104,788
<b>Creditors, amounts falling due in more than one year</b>					
	15		<u>(2,000,000)</u>		<u>—</u>
			<u>1,792,277</u>		<u>2,104,788</u>
<b>Capital and Reserves</b>					
Called up share capital	16		1,082,718		1,057,200
Share premium account	17		3,193,024		3,138,542
Profit and loss account			<u>(2,483,465)</u>		<u>(2,090,954)</u>
<b>Equity Shareholders' Funds</b>	18		<u>1,792,277</u>		<u>2,104,788</u>

These financial statements were approved by the board on 22nd October and signed on their behalf by

**J.D.S. BOOTH**  
Director

**E.M. ARBIB**  
Director

**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 30th April 2001

	<i>Notes</i>	<i>2001</i>	<i>£</i>	<i>2000</i>	<i>£</i>
<b>Cash Outflow from Operating Activities</b>					
	19		(763,507)		(57,542)
<b>Returns on Investments and Servicing of Finance</b>					
Interest received		94,291		11,417	
Interest payable		(58,490)		—	
			<u>35,801</u>		<u>11,417</u>
<b>Net Cash Inflow from Returns on Investments and Servicing of Finance</b>					
<b>Taxation</b>			(9,686)		—
<b>Capital Expenditure and Financial Investment</b>					
Purchase of tangible fixed assets		(43,380)		(1,207)	
Purchase of intangible fixed assets		(4,264)		—	
Purchase of investments		(138,654)		—	
			<u>(186,298)</u>		<u>(1,207)</u>
Net cash outflow from capital expenditure and financial investment					
<b>Acquisitions and Disposals</b>					
Acquisition of subsidiary	21	(886,865)		(224,880)	
Net cash acquired with subsidiary		554,654		79,752	
			<u>(332,211)</u>		<u>(145,128)</u>
Net cash outflow from acquisitions and disposals					
<b>Net Cash Outflow before Financing</b>			(1,255,901)		(192,460)
<b>Financing</b>					
Issue of ordinary share capital		80,000		1,982,250	
Expenses paid in connection with share issues		—		(177,645)	
Cash inflow from increase in debt and lease financing		2,018,992		—	
			<u>2,098,992</u>		<u>1,804,605</u>
<b>Net Cash Inflow from Financing</b>					
<b>Increase in Cash in the Year</b>	20		<u>843,091</u>		<u>1,612,145</u>
<b>Reconciliation of Net Cash Flow to Movement in Net Funds</b>					
<b>Movement in Net Funds in the Year</b>			843,091		1,612,145
<b>Net Funds at 1st May 2000</b>			<u>2,094,789</u>		<u>482,644</u>
<b>Net funds at 30th April 2001</b>	20		<u>2,937,880</u>		<u>2,094,789</u>

## NOTICE OF ANNUAL GENERAL MEETING

### 1. Principal 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) Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries made up to 30th April 2001. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

#### (c) Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is being provided so as to write off the assets over their estimated useful lives. The annual rate used is 25 per cent.

#### (d) Leased assets

Leased assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future lease rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

#### (e) Goodwill

Goodwill arising from the acquisition of subsidiary undertakings, representing excess of purchase consideration over the fair value of net assets acquired, has been capitalised and amortised over its useful economic life of 5 years.

#### (f) Investments

Investments are stated at cost less provision against diminution in value in the investment.

#### (g) Foreign currency

Transactions throughout the year were translated at the rate ruling at the transaction date. Liabilities and current assets at the year-end were translated at the rates ruling on the balance sheet date. The difference was taken to the profit and loss account.

Foreign subsidiary undertakings are translated at the rate ruling on the balance sheet date, and an average rate for the profit and loss account. The difference was taken to the profit and loss account.

#### (h) Turnover

Turnover represents amounts invoiced for services during the financial year, excluding value added tax.

### 2. Segmental Information

	<i>Turnover</i>	<i>Operating</i>	<i>Net</i>
	£	<i>loss</i>	<i>assets</i>
		£	£
Class of business			
Financial services	529,240	(503,715)	2,005,554
Geographical origin			
EU	529,240	(503,715)	2,005,554



## FINANCIAL STATEMENTS

for the year ended 30th April 2001

### NOTES (continued)

#### 8. Taxation on Ordinary Activities

	2001	2000
Current year UK corporation tax	4,200	—
Adjustment in respect of prior years	(1,830)	—
	2,370	—
	2,370	—

#### 9. Loss Per Share

The calculation of earnings per share is based on loss for the year of £437,821 (2000: loss £211,802) divided by the weighted average of ordinary shares in issue for the year ended 30th April 2001 of 5,413,591 (2000: 2,773,339). Diluted loss per share includes shares issued after the year-end to Paragon Capital Inc as part of the acquisition (note 22).

#### 10. Intangible Fixed Assets — Group

	<i>Other intangible assets</i> £	<i>Goodwill</i> £	<i>Total</i> £
Cost			
At 1st May 2000	—	99,842	99,842
Subsidiary undertaking acquired	183,626	420,936	604,562
Additions in the year	—	4,264	4,264
At 30th April 2001	183,626	525,042	708,668
	183,626	525,042	708,668
Amortisation			
At 1st May 2000	—	1,664	1,664
Amortisation in the year	4,234	41,377	45,611
At 30th April 2001	4,234	43,041	47,275
	4,234	43,041	47,275
Net book value			
At 30th April 2001	179,392	482,001	661,393
	179,392	482,001	661,393
At 30th April 2000	—	98,178	98,178
	—	98,178	98,178

## FINANCIAL STATEMENTS

for the year ended 30th April 2001

### NOTES (continued)

#### 11. Tangible Fixed Assets

##### (i) Group

	<i>Vehicles and Equipment</i>	<i>Fixtures and Fittings</i>	<i>Total</i>
	£	£	£
Cost			
At 1st May 2000	20,766	21,980	42,746
Subsidiary undertaking acquired	49,130	13,930	63,060
Additions in the year	42,815	565	43,380
At 30th April 2001	112,711	36,475	149,186
Depreciation			
At 1st May 2000	11,025	20,451	31,476
Charge in the year	14,403	864	15,267
At 30th April 2001	25,428	21,315	46,743
Net book value			
At 30th April 2001	87,283	15,160	102,443
At 30th April 2000	9,741	1,529	11,270

Included within vehicles and equipment are assets held under finance hire purchase contracts. The depreciation charge for the year in respect of these assets was £7,500 and the net book value at the year-end was £22,567.

##### (ii) Company

	<i>Equipment</i>
	£
Cost	
At 1st May 2000	1,507
Additions	12,102
At 30th April 2001	13,609
Depreciation	
At 1st May 2000	389
Charge in the year	1,980
At 30th April 2001	2,369
Net book value	
At 30th April 2001	11,240
At 30th April 2000	1,118

## FINANCIAL STATEMENTS

for the year ended 30th April 2001

### NOTES (continued)

#### 12. Fixed Asset Investments

##### (i) Group

	<i>Unlisted Investments</i>	<i>Investments in Subsidiaries</i>	<i>Total</i>
	£	£	£
Cost			
At 1st May 2000	—	—	—
Additions	144,650	—	144,650
At 30th April 2001	<u>144,650</u>	<u>—</u>	<u>144,650</u>
Carrying value			
At 30th April 2001	<u>144,650</u>	<u>—</u>	<u>144,640</u>
At 30th April 2000	<u>—</u>	<u>—</u>	<u>—</u>

##### (ii) Company

Cost			
At 1st May 2000	—	224,880	224,880
Additions	138,793	1,001,130	1,139,923
At 30th April 2001	<u>138,793</u>	<u>1,226,010</u>	<u>1,364,803</u>
Carrying value			
At 30th April 2001	<u>138,793</u>	<u>1,226,010</u>	<u>1,364,803</u>
At 30th April 2000	<u>—</u>	<u>224,880</u>	<u>224,880</u>

#### Holdings in subsidiary undertakings:

	<i>Country of Incorporation</i>	<i>Nature of business</i>	<i>Holding of ordinary shares</i>	<i>Capital and reserves at year-end</i>	<i>Profit/ (loss) for year</i>
Global Investment Advisers Limited	UK	Investment Advisers	100%	269,903	44,865
MNA (UK) Limited	UK	Financial Services	100%	10,000	—
Global Alternative Investment Management Limited	UK	Financial Services	100%	1	—
Interfin Sim Spa	Italy	Financial Services	60%	677,485	(81,158)

The 100 per cent. shareholding in MNA (UK) Limited and Global Alternative Investment Management Limited were acquired on 12th May 2000 and 9th February 2000 respectively.

The company acquired the 60 per cent. holding in Interfin Sim Spa on 1st February 2001. The final percentage held is still under negotiation awaiting agreement on the completion accounts. The consolidation has been prepared on the basis of a 60 per cent. holding as this is the minimum expected although the final percentage could be up to 80 per cent. depending on the final completion accounts.

## FINANCIAL STATEMENTS

for the year ended 30th April 2001

### NOTES (continued)

#### 13. Debtors

	2001		2000	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£	£	£	£
Trade debtors	492,447	—	30,529	—
Other debtors	213,261	21,811	115,880	75,277
Prepayments	300,580	37,272	21,806	9,250
Unpaid share capital	—	—	45,258	45,258
Amounts owed by group undertakings	—	217,005	—	—
	<u>1,006,288</u>	<u>276,088</u>	<u>213,473</u>	<u>129,785</u>

#### 14. Creditors, amount falling due within one year

	2001		2000	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£	£	£	£
Trade creditors	363,492	128,313	146,921	116,822
Other creditors including taxation and social security	302,293	3,916	161,743	143,710
Accruals and deferred income	158,050	42,500	5,922	5,500
Amounts owed to group undertakings	—	9,897	—	—
Obligations under hire purchase contracts and finance leases	4,273	—	—	—
	<u>828,108</u>	<u>184,626</u>	<u>314,586</u>	<u>266,032</u>

#### 15. Creditors, amounts falling due after more than one year

	2001		2000	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£	£	£	£
Obligations under hire purchase contracts and finance leases	18,992	—	—	—
Convertible loan stock	2,000,000	2,000,000	—	—
	<u>2,018,992</u>	<u>2,000,000</u>	<u>—</u>	<u>—</u>

#### Obligations under hire purchase and finance lease contracts:

The future minimum payments to which the company is committed under hire purchase contracts are as follows:

	2001	2000
	£	£
Gross commitment	28,053	—
Interest charges included therein	(4,788)	—
	<u>23,265</u>	<u>—</u>

Repayable:

	2001	2000
	£	£
In one year or less	4,273	—
Between one and two years	18,992	—
	<u>23,265</u>	<u>—</u>

## FINANCIAL STATEMENTS

for the year ended 30th April 2001

### NOTES (continued)

#### Convertible Loan Stock

The convertible loan stock is redeemable by the issuer on or after 6th February 2004 at par plus 15 per cent. Conversion can take place by the holder on or after 6th February 2004 within 30 days of the publishing of the annual and half yearly results at a rate of £1.70 of loan notes for each £0.20 ordinary share. The interest payable on the loan stock is at a rate of 12 per cent. per annum. There is no premium on redemption if the loan stock is held for the full term.

#### 16. Share Capital

	2001	2000
	£	£
Authorised		
25,000,000 ordinary shares of 20p each	5,000,000	5,000,000
Allotted, called up and fully paid		
5,413,591 (2000: 5,236,000) ordinary shares of 20p each	1,082,718	1,057,200

During the year, 127,591 ordinary shares of 20p each were issued at £0.627 per share and consideration of £80,000 was received.

During the year, 275,000 options on ordinary shares were issued for no consideration. The options are exercisable from 2nd June 2003 to 2nd June 2010 at an exercise price of 82.5p per share.

#### 17. Share Premium Account — Group and Company

	2001	2000
	£	£
At 1st May 2000	3,138,542	1,862,537
On allotment of shares	54,482	1,453,650
Expenses paid in connection with share issues	—	(177,645)
At 30th April 2001	3,193,024	3,138,542

#### 18. Reconciliation of Opening Equity Shareholders' Fund to Closing Equity Shareholders' Funds

	Group 2001	Company 2001
	£	£
Opening equity shareholder's funds	2,103,124	2,104,788
Share capital issued	80,000	80,000
Loss for the financial year	(437,821)	(392,511)
Closing equity shareholders' funds	£1,745,303	£1,792,277

The company has taken advantage of S230 of the Companies Act 1985 from presenting its own profit and loss account. The company made a loss for the year of £392,511.

#### 19. Reconciliation of Operating (Loss) to Net Cash Outflow from Operating Activities

	2001	2000
	£	£
Operating loss	(503,715)	(223,219)
Depreciation	15,267	239
Goodwill amortisation	45,611	1,664
Foreign currency translation	(17,906)	—
(Increase) in debtors	(1,625)	(62,870)
(Decrease)/increase in creditors	(301,139)	226,644
	(763,507)	(57,542)

## FINANCIAL STATEMENTS

for the year ended 30th April 2001

### NOTES (continued)

#### 20. Analysis of Net Funds

	<i>1st May</i> 2000	<i>Cash Flow</i>	<i>30th April</i> 2001
Cash at bank and in hand	£2,094,789	£843,091	£2,937,880

#### 21. Purchase of Subsidiary Undertakings

	<i>Interfin</i>
Net assets Acquired	
Intangible fixed assets	183,626
Tangible fixed assets	63,060
Investments	5,996
Trade debtors	567,210
Other debtors	182,111
Prepayments	41,869
Cash at bank and in hand	554,654
Trade creditors	(391,528)
Other creditors	(161,796)
Accruals	(268,653)
Net assets	776,549
Minority shareholders interest	310,620
	465,929
Goodwill	420,936
	886,865
<b>Satisfied by</b>	
Cash	886,865

	<i>1 month to</i> <i>31st January</i> 2001 £	<i>Year ended</i> <i>31st December</i> 2000 £
Interfin Sim Spa:		
Turnover	94,676	2,153,566
Administrative expenses	(135,457)	(2,643,957)
Operating loss	(40,781)	(490,391)
Taxation	—	—
Loss after taxation	£(40,781)	£(490,391)

#### 22. Post Balance Sheet Events

On 24th July 2001, the company acquired 50.1 per cent. of Paragon Capital Inc. The initial consideration consisted of £810,000 and the issue of 50,000 ordinary 20p shares. Two further considerations are payable in 2002 and 2004 capped at \$2,000,000 and \$4,500,000 respectively, subject to certain performance criteria.

On 15th June 2001, the company entered into an agreement with Capital Management Limited, a company incorporated in the Channel Islands and in which the director E.M. Arbib is the Managing Director. The initial consideration for the managed funds is to consist of £130,000 and the issue of ordinary 20p shares at a price of 57p per share. Further consideration is capped is £2,000,000 based on transferred funds under management at 31st December 2001.

## FINANCIAL STATEMENTS

for the year ended 30th April 2001

### NOTES (continued)

As part of these arrangements the group has also agreed to acquire the entire issued share capital of Capital Management (Monaco) SAM from Capital Management Limited. The consideration is to consist of £241,000 and the issue of 233,702 ordinary 20p shares at a price of 57p per share.

Since the year-end, the company has provided security for an overdraft facility for Interfin Sim Spa of £150,000. This is secured by cash held by the company at Barclays Bank plc in London.

#### 23. Derivatives and Other Financial Instruments

##### Interest rate risk profile of financial assets

The group has no financial assets, other than short-term debtors, and cash at bank.

##### Interest rate risk profile of financial liabilities

The interest rate profile of the group's financial liabilities at 30th April 2001 was:

<i>Currency</i>	<i>Total</i>	<i>Fixed rate</i>
	<i>£</i>	<i>financial</i>
		<i>liabilities</i>
		<i>£</i>
Sterling	2,018,992	2,018,992

The weighted average interest rate on the fixed rate financial liabilities is 12 per cent., and fixed for a period of five years.

##### Currency exposures

The net currency gains and losses recognised in the profit and loss account arose on the purchase of the subsidiary undertaking, Interfin Sim Spa. At 30th April 2001, exposures between sterling and Italian lira were as follows:

	£
Net foreign currency monetary assets	430,174

##### Maturity of financial liabilities

The maturity profile of the group's financial liabilities at 30th April 2001 was as follows:

	£
In one year or less	4,273
In more than one year but not more than two years	18,992
In more than two years but not more than five year	2,000,000
	<u>2,023,265</u>

##### Fair values of financial assets and financial liabilities

Set out below are the fair values of the group's financial assets and liabilities as at 30th April 2001. Finance leases are included in the analysis of long-term borrowings. The directors consider that there were no material differences between the book values and fair values of the group's financial assets and liabilities at the year-end.

	<i>Book value</i>
	<i>£</i>
Primary financial instruments held or issued to finance the group's operations:	
Short term financial liabilities	828,108
Long term borrowings	2,018,992
Financial assets	3,944,168

