

Screen plc: The Group

screen plc

petards

Setting international standards for the development and support of integrated solutions based on Mobile Data Terminals, In-Car Video and Automatic Number Plate Recognition (ANPR) Systems.

Abingdon, UK
Copenhagen, Denmark
(International Operations)

Formerly:
Petards Datax and JAI ProVida.

petards

World-class software development of both fixed and mobile solutions for Customer Relationship Management and the delivery of enterprise wide Corporate Knowledge.

Camberley, UK

Formerly:
Tranzline.

petards

Market leading developer and systems integrator of specialist software solutions for Emergency Services MIS, Mobilisation, Command & Control, and Environmental Monitoring.

Leicester, UK

Formerly:
Civil Systems Division of BAe
Systems plc.

petards

Acknowledged innovators in the design, manufacture and supply of advanced security and surveillance solutions such as Control by Touch command & control systems and rapid deployment wireless CCTV systems.

Sunbury, UK

Formerly:
Petards International.



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Directors and Officers

Directors	Mr O Williams Mr J D A Shand Mr M J Williams Mr R C Hill Mr I C Taylor Mr C E Hughes	(Chairman & Chief Executive) (Finance Director) (Executive) (Executive) (Non-Executive) (Non-Executive)
Company Secretary	Mr J D A Shand	
Registered Office	Stubbings Barn Burchetts Green Lane Burchetts Green MAIDENHEAD SL6 3QP	
Company Number	2990100	
Auditors	Deloitte & Touche Hill House 1 Little New Street LONDON EC4A 3TR	
Bankers	Bank of Scotland Buchan House Parkway Court Oxford Business Park OXFORD OX4 2JY	
Solicitors	Brobeck Hale & Dorr Park Gate 25 Milton Park OXFORD OX14 4SH	Morgan Cole 167 Fleet Street LONDON EC4A 2JB
Nominated Advisor	Smith & Williamson No.1 Riding House Street LONDON WA1 3AS	
Brokers	SG Securities Ltd. Exchange House Primrose Street LONDON EC2A 2DD	Seymour Pierce Ellis Talisman House 16 The Courtyard CRAWLEY West Sussex RH10 6AS
Web site	www.screenplc.com	

Chairman's Statement

Introduction

I am pleased to present our results for the financial year ended 31 December 2000, which was a period of very considerable progress for the Group. We entered the period under review as a business with many products still under development and providing relatively few products primarily to the UK marketplace. Now we are established as an innovative, international Group, offering a range of solutions, services and proprietary technologies, some with significant barriers to entry, through global distribution channels, and winning increasing volumes of profitable contracts in the process.

The Directors view your Group's prospects with great confidence.

Since writing to you at the interim results stage in September 2000, the Group has been very active. We completed two acquisitions, each of which brought substantial intellectual property content: the in-car video business, ProVida, from JAI A/S of Denmark and the Civil Systems Division from BAe Systems plc. These were funded through two Placings, each of which was oversubscribed, which introduced a number of institutional investors.

The Directors believed that the liquidity in the Group's shares and its ability to attract new institutional investors would be enhanced through a consolidation of the Group's ordinary share capital and, following overwhelming shareholder approval, effected a one for ten consolidation on the 26 February 2001. Consistent with raising our profile with the institutional investor community, we were pleased to appoint SG Securities as joint brokers from 1 February 2001.

Results

Revenues, including acquisitions, increased 54% to £5,082,325 (1999 - £3,304,928). The loss for the year of £279,250 (1999 - £89,465 profit) reflects the planned cost of our investment in improved organisational infrastructure to enable us to manage accelerated growth and the initial cost of introducing new products to a wider market. Your Board is not recommending payment of a dividend.

Product Strategy

Central to Screen's progress has been the Group's product strategy, accompanied by a supporting sales and marketing strategy, including a comprehensive rebranding programme, (as illustrated on page 1). These have driven our growth and, in our view, will continue to do so.

Our acquisitions have augmented our technological capabilities, introduced new products with great potential and enabled us to address incremental markets.

“During the period under review we have recruited talented individuals into our teams strengthening our senior line management and our marketing expertise.”



Petards Vision

(formerly Petards International)

This company, in the period under review, enjoyed its best ever trading performance, with continued strong demand for electronic security and surveillance applications.

Fuelled by the growing need for resources and information to be shared between multiple agencies, surveillance systems are becoming larger and more complex. Our COBYT products are well positioned to address the more sophisticated control and surveillance networks.

The introduction of IP (Internet Protocol) based video transmission is driving the electronic security and surveillance market towards more extensive use of IT technologies and system platforms in place of conventional control systems. Petards Vision is well established in this arena and we believe that demand for our skills and experience in this field will grow significantly. Sales and installations of SWIFT, our wireless based mobile rapid deployment camera system, accelerated during 2000.

These cameras are being used for a wide range of surveillance applications. In 2001 we have experienced continued strong demand with orders in the first quarter running at some 300% of the level experienced in the same period last year. Work is now underway to make available to mobile vehicles encrypted video (CCTV images) from these and other cameras hosted by our COBYT control systems. We believe this will provide an outstanding additional tool for surveillance and open up significant new revenue potential.



Petards Corporate Knowledge

(formerly Tranzline)

Petards Corporate Knowledge are authors of Customer Relationship Management (CRM) software and implementers of sophisticated CRM systems for businesses who want to increase their performance and profitability through improvements in the way they service their customers.

The company's software has wide application and functionality especially in database interrogation. The system can enable improved customer service and retention in a wide range of e-commerce activities.

The functionally rich eCRM software business that came with our purchase is being installed on our hand-held products providing a portable product which enables mobile workers to access critical corporate information from their point of work. The company has signed its first customers for Application Service Provider (ASP) use, fired up the re-seller channel and is trading well.



Petards Mobile Intelligence

(formerly Petards Datax)

The execution of one of our product concepts, that of providing complete, fully integrated, scalable wireless based systems that enable personnel to carry out a variety of complex tasks whilst on the move will provide a distinct and compelling solution for the public and private sectors and is, we consider, without parallel. In police applications we now routinely provide ruggedised Pentium based systems located in the boot of vehicles that incorporate our dashboard-mounted touch screens. These enable officers to interact with remote databases from moving patrol cars whose position and condition are being transmitted via GPS and monitored centrally.

Camera technology, acquired with the purchase of the ProVida business in September 2000, enables the video recording of events external to the vehicle. Almost all UK police forces use this technology, which is also being marketed extensively and successfully throughout the rest of Europe and the Middle East, resulting in an initial \$1.2M contract to supply the national police force in Turkey. We have recently modified this technology to make it suitable for installation on motorbikes and were pleased to receive early orders for this product, notably from the Hong Kong police force.

Combining the computing power of our mobile data systems with our exclusive camera technology has enabled the introduction of a mobile Automatic Number Plate Recognition (ANPR) capability. This allows registration details of moving vehicles to be read entirely automatically by patrol cars equipped with our systems. ANPR recognises, scans and automatically checks vehicle number plates against an on-board database in under a fraction of a second, alerting officers to "wanted" vehicles, thus considerably enhancing police officers' productivity and detection rates. In April 2001 we announced our first order for ANPR from the Lancashire Police. Strong interest has already been expressed at recent demonstrations of this product in the UK and Europe.



Petards Civil Systems

(formerly BAe Civil Systems)

Systems adopted in the police market can, of course, be equally and effectively used in other emergency service applications. Hence our entry into the fire services market via our acquisition of the Civil Systems Division of BAe Systems plc in February 2001. This is a business successfully providing software and support systems to fire brigades throughout the country.

I am delighted to report that since this business came into our ownership earlier this year, it has performed well and we recently announced an influx of orders of £1.5M taking the total order book for this subsidiary to over £6M, £1.8M of which we expect to fulfil in the current year.

The business continues with its strategy of identifying and either developing or acquiring innovative products through which we can demonstrate significant operational benefits and added value to our customers.

Outlook

We have introduced the ProGenie hand-held device capable of delivering many of the benefits of our "in vehicle" systems. Whilst this development is still at a relatively early stage, it has been well received and we remain confident of its outstanding potential. We plan to accelerate the rollout of our expanded range of systems to other vertical markets, both in the UK and internationally, and have targeted the North American market for early attention. The Group has an active and ongoing acquisition programme and is seeking additional opportunities that will either enhance or extend the Group's product range and/or markets within the general wireless communications sector.

Our strong sales and revenue generation in the first quarter, combined with record order books, give us substantial confidence regarding our trading performance in the current year. In this context I am delighted to report that revenues for the first quarter of the current year exceeded those achieved in the first six months of 2000.

We recognise that there are dangers of a further economic downturn, but consider that in currently predictable circumstances our increasing geographic diversity and the preponderance of sales to the more stable public sector should underpin the Company's prospects.

Acknowledgments

As always, the talent of our employees especially the senior management team has served the Company well. Without their imagination, commitment and expertise our excellent progress would not have been possible. Three appointments strengthened your Board. In May 2000, we appointed James Shand BSc, FCA, AMCT to the Board as Finance Director.

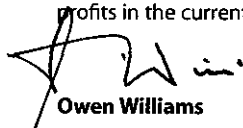
He has considerable experience of acquiring companies and managing rapid growth situations.

Earlier in the year, the Company appointed two senior Non-Executive Directors, Ian Taylor MBE MP, and Charles Hughes. Ian Taylor was Minister of Science and Technology from 1994 to 1997. Charles Hughes was, until 1999, a director of Fujitsu ICL and had held board appointments with high technology companies in Australia, Germany, the UK and USA. Their combined knowledge and experience of the technology sectors in which we now operate continues to be invaluable.

Summary

To achieve our current position we have accelerated organic growth in certain businesses, made carefully researched acquisitions which we expect to be earnings enhancing and raised additional capital by way of share placings, in the process attracting a number of institutions to our shareholder base.

In my last annual report I referred to the attention being paid to companies offering trajectory, a term used to express potential for growth. Markets are now once again attaching more importance to immediate revenue, profits and cash flow; in this regard we are able to demonstrate an excellent trend. Today we enjoy a strong balance sheet with net cash in excess of £3 million; we confidently expect to generate operating profits in the current year from our existing trading activities.



Owen Williams
Chairman and Chief Executive
3 May 2001

Report of the Directors

The Directors submit their report and Group financial statements for the year ended 31 December 2000.

Principal activities

The Group is principally engaged in the development, provision and maintenance of advanced security and communication systems and related services.

Review of business

The consolidated profit and loss account is set out on page 12.

During the year additional capital of £9,183,581 before expenses has been raised; of this, £8,401,351 was raised through a number of placings with retail and institutional shareholders. Shares to a market value of £664,935 were issued to the vendors of Tranzline Ltd. In addition, the exercise of options/warrants raised a further £117,295. Further details are included in note 19 to the financial statements. In February 2001, £4,500,000 (after expenses) was raised via a placing and open offer, note 29 to the financial statements expands on the details.

The Group made two acquisitions during the year and a further acquisition on 2 February 2001. On 19 May 2000 the Group acquired Tranzline Ltd. for £1,428,847, a business developing and selling eCRM (Customer Relationship Management) software.

The second acquisition was of the ProVida in-car video business based in Denmark, from JAI A/S, for a consideration of £3,883,555, a business that has been established 12 years and that has developed a distributor network in 38 countries.

Subsequent to the year end the Group acquired the Civil Systems business from BAe Systems plc for £1,110,000, a business developing and selling software and related services to fire brigades.

A list of the principal subsidiaries of the Company is set out in note 30.

Dividend

The Directors do not recommend the payment of a dividend (1999 – nil).

Group research and development

The Group is committed to research and development activities in order to secure competitive advantage in the electronic communications products and services market.

Details of the additions to and amortisation of capitalised development expenditure are set out in note 11.

Directors and their interests

The Directors who served during the year and their interests in the shares of the Company were as follows:

		Ordinary shares of 0.1p each 31.12.2000	Ordinary shares of 0.1p each 31.12.1999
Mr O Williams	(Served throughout)	65,984,394	84,984,394
Mr M J Williams	(Served throughout)	20,272,137	2,707,137
Mr R C Hill	(Served throughout)	332,654	832,654
Mr J D A Shand	(Appointed 15/5/2000)*	5,000	-
Mr I C Taylor	(Appointed 31/1/00)*	37,000	-
Mr C E Hughes	(Appointed 6/07/00)*	-	-

* Directors appointed held no shares of the Company at the date of their appointment.

Dr John Forrest served as a Director until he resigned on 14 June 2000. At the date of his resignation, Dr Forrest held 5,273,333 ordinary shares of 0.1p each (1999: 5,273,333 shares). Mr J J Jack served as a Director until he resigned on 31 January 2000.

Mr Taylor, who joined the Board of Screen plc on 31 January 2000, has an interest in Hudson Venture Partners Limited which held 4,750,000 ordinary 0.1p shares in Screen plc. This interest was sold on 23 February 2001, at open market value.

Following the 1 for 10 share consolidation effected on 26 February 2001, (see note 29) Directors purchased further shares on 1 March 2001 as follows:

	Ordinary shares of 0.1p each 31.12.2000	Purchased on open offer 21.2.2001	Ordinary consolidated shares of 1p 26.2.2001	Purchased shares of 1p each 1.3.2001	Ordinary shares of 1p each 30.4.2001
Mr O Williams	65,984,394	-	6,598,439	-	6,598,439
Mr M J Williams	20,272,137	-	2,027,213	5,700	2,032,913
Mr R C Hill	332,654	4,989	33,764	17,100	50,864
Mr J D A Shand	5,000	-	500	1,100	1,600
Mr I C Taylor	37,000	555	3,755	5,700	9,455
Mr C E Hughes	-	-	-	3,400	3,400

During the year Renaissance Limited, a company controlled by Mr R C Hill, held the 10% minority interest in Petards Mobile Intelligence Limited referred to in note 26. Subsequent to the year end the minority interest was acquired by Screen plc.

Directors interests in share options

Options outstanding as at 30.4.01

	Number of 0.1p options at 1.1.2000	Number of 0.1p options at 31.12.2000	Number of 1p options number of options at 31.12.2000	Granted 1.1.01 to 30.4.2001	Weighted average exercise price (p)	Number of 1p options at 30.4.2001	Average exercise price (p)	Date from which earliest option exercisable	Latest date of exercise
Mr O Williams	-	-	-	300,000	107	300,000	107	1.1.03	27.2.11
Mr M J Williams	6,236,414	6,236,414	623,641	200,000	107	823,641	41	1.1.01	27.2.11
Mr R C Hill	8,000,000	8,000,000	800,000	-	-	800,000	15	1.9.00	15.5.06
Mr J D A Shand	-	-	-	200,000	107	200,000	107	1.1.03	27.2.11
Mr I C Taylor	-	-	-	400,000	105	400,000	105	29.4.03	21.2.11
Mr C E Hughes	-	-	-	200,000	105	200,000	105	29.4.03	21.2.11

The share price at 31 December 2000 was 9.75 pence and the share price has ranged during the year from 7.2 pence to 31.2 pence. Following the share consolidation, the share price was 95 pence at 3 May 2001.

Creditors payment policy

It is the Company's policy to pay all of its creditors within a reasonable period from their due date, in accordance with commercial arrangements negotiated with those suppliers but does not follow any specific code. The number of creditor days at the year end was 87 (1999 - 90 days), calculated in accordance with the requirements of the Companies Act 1985.

Auditors

Deloitte & Touche were the auditors throughout the year and a resolution for their reappointment will be proposed at the Annual General Meeting.

Corporate governance

The Board has reviewed the recommendations of the Combined Code. Although not required to, the Directors have decided to provide corporate governance disclosures, in relation to Audit and Remuneration Committees.

The Audit Committee consists of the two Non-Executive Directors. It meets at least twice a year and is responsible for ensuring that the financial performance of the Group is properly reported on and monitored, and for meeting the auditors and reviewing their reports in relation to the financial statements and the audit.

The Remuneration Committee consists of the two Non-Executive Directors. It meets at least twice a year and reviews the performance of the Executive Directors and sets the scale and structure of their remuneration having due regard to the interests of the shareholders. It also recommends the allocation of share options to Directors and other employees.

The Board meets monthly to consider the operating and financial performance of the Group.


Directors' responsibilities for the financial statements

The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2000. The Directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

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 the Group's system of internal financial control, for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



James Shand
Company Secretary
21 May 2001



Report of the Auditors to the Members of Screen plc

We have audited the financial statements on pages 12 to 34 which have been prepared under the accounting policies set out on pages 16 to 18.

Respective responsibilities of Directors and auditors

As described on page 10, the Company's Directors are responsible for the preparation of financial statements that are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form independent opinion, based on our audit, on those statements and to report our opinion to you.

We read the other information contained in the Annual Report, including the corporate governance, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

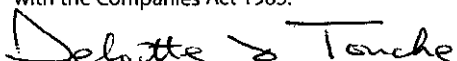
Basis of opinion

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 and the Group'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 2000 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
LONDON EC4A 3TR
21 May 2001



Consolidated Profit and Loss Account

For the year ended 31 December 2000

	Note	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Turnover	3		
Continuing operations		3,351,567	3,304,928
Acquisitions	2	1,730,758	-
		5,082,325	3,304,928
Cost of sales		(2,835,604)	(1,767,017)
Gross profit		2,246,721	1,537,911
Administrative expenses		(2,548,932)	(1,270,988)
Goodwill amortisation	11	(125,669)	(23,042)
Total administrative expenses		(2,674,601)	(1,294,030)
Operating (loss)/profit			
Continuing operations		(785,198)	257,609
Acquisitions		357,318	-
Discontinued operations		-	(13,728)
Total operating (loss)/profit	4	(427,880)	243,881
Exceptional loss on disposal of discontinued operations	7	-	(75,832)
Net interest receivable/(payable)	6	84,709	(56,940)
(Loss)/profit on ordinary activities before taxation		(343,171)	111,109
Taxation	8	-	158
(Loss)/profit on ordinary activities after taxation		(343,171)	111,267
Minority interest – equity	26	63,921	(21,802)
(Loss)/profit for the financial year	9,20	(279,250)	89,465
Basic (loss)/earnings per share	10	(0.08)p	0.03p
Diluted (loss)/earnings per share	10	(0.08)p	0.03p

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above, and their historical cost equivalents.

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2000

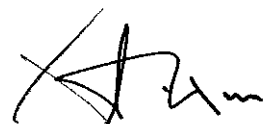
	31 December 2000 £	31 December 1999 £
(Loss)/profit for the financial year	(279,250)	89,465
Currency translation gain on foreign currency net investments	99,729	-
Total recognised gains and losses relating to the year	(179,521)	89,465

Consolidated Balance Sheet at 31 December 2000

	Note	31 December 2000 £	31 December 1999 £
Fixed assets			
Intangible assets	11	6,834,169	733,746
Tangible assets	12	628,198	337,207
		<u>7,462,367</u>	<u>1,070,953</u>
Current assets			
Stocks	14	909,526	513,572
Debtors	15	2,584,509	1,508,188
Cash at bank and in hand	24	1,526,934	503,100
		<u>5,020,969</u>	<u>2,524,860</u>
Creditors: amounts falling due within one year	16	<u>(2,280,038)</u>	<u>(2,075,434)</u>
Net current assets		<u>2,740,931</u>	<u>449,426</u>
Total assets less current liabilities		<u>10,203,298</u>	<u>1,520,379</u>
Creditors: amounts falling due after more than one year	17	<u>(63,951)</u>	<u>(55,306)</u>
Net assets		<u>10,139,347</u>	<u>1,465,073</u>
Capital and reserves			
Called up share capital	19	378,750	308,687
Share premium account	20	12,743,907	3,896,254
Profit and loss account deficit	20	(2,925,282)	(2,745,761)
Equity shareholders' funds	21	<u>10,197,375</u>	<u>1,459,180</u>
Minority interest – equity	26	<u>(58,028)</u>	<u>5,893</u>
		<u>10,139,347</u>	<u>1,465,073</u>

The financial statements on pages 12 to 34 were approved by the Board of Directors on 21 May 2001 and were signed on its behalf by

Owen Williams
Director
21 May 2001



Company Balance Sheet at 31 December 2000

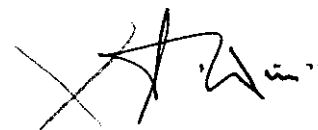
	Note	31 December 2000	31 December 1999
		£	£
Fixed assets			
Tangible assets	12	59,393	39,976
Investments	13	2,890,409	711,562
		<u>2,949,802</u>	<u>751,538</u>
Current assets			
Stocks	14	5,940	46,340
Debtors	15	5,830,145	355,564
Cash at bank and in hand		1,483,781	378,955
		<u>7,319,866</u>	<u>780,859</u>
Creditors: amounts falling due within one year	16	<u>(500,365)</u>	<u>(508,594)</u>
Net current assets		<u>6,819,501</u>	<u>272,265</u>
Total assets less current liabilities		<u>9,769,303</u>	<u>1,023,803</u>
Creditors: amounts falling due after more than one year	17		<u>(1,461)</u>
Net assets		<u>9,769,303</u>	<u>1,022,342</u>
Capital and reserves			
Called up share capital	19	378,750	308,687
Share premium account	20	12,743,907	3,896,254
Profit and loss account deficit	20	(3,353,354)	(3,182,599)
Equity shareholders' funds		<u>9,769,303</u>	<u>1,022,342</u>

The financial statements on pages 12 to 34 were approved by the Board of Directors on 21 May 2001 and were signed on its behalf by

Owen Williams

Director

21 May 2001



Consolidated Cash Flow Statement

For the year ended 31 December 2000

		Year ended 31 December 2000		Year ended 31 December 1999	
	Note	£	£	£	£
Net cash outflow from operating activities	22		(1,024,135)		(152,034)
Returns on investments and servicing of finance					
Interest received		153,671		3,997	
Interest paid		(54,280)		(47,166)	
Finance lease interest paid		(14,682)		(13,771)	
Net cash inflow/(outflow) from returns on investments and servicing of finance			84,709		(56,940)
Taxation					
UK corporation tax repaid			-		158
Capital expenditure					
Development expenditure capitalised		(524,603)		(402,952)	
Purchase of intangible and development fixed assets		(326,849)		(14,562)	
Purchase of tangible fixed assets		(321,925)		(104,141)	
Receipts from sale of tangible fixed assets		26,400		7,468	
Net cash outflow from capital expenditure			(1,146,977)		(514,187)
Acquisitions and disposals					
Disposal of business	7	-		(52,218)	
Purchase of business	25	(4,397,467)		(33,000)	
Net cash acquired with subsidiary	25	35,451		-	
			(4,362,016)		(85,218)
Net cash outflow before financing			(6,448,419)		(808,221)
Financing					
Issue of shares		8,252,781		1,146,362	
Repayment of principal under finance leases	24	(103,142)		(141,765)	
Net cash inflow from financing			8,149,639		1,004,597
Increase in cash in the year	23		1,701,220		196,376

Notes to the Financial Statements

For the year ended 31 December 2000

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and on the going concern basis. A summary of the more important Group accounting policies, which have been consistently applied, is set out below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2000. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-Group sales and profits are eliminated fully on consolidation.

On the acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

All changes to those assets and liabilities, and the resulting gains and losses, that arise after the Group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill on acquisitions during the year is capitalised and amortised over a 20 year useful economic life on a straight line basis.

Where considered appropriate, goodwill arising on the acquisition of subsidiaries and associates prior to 31 December 1998 was written off immediately against reserves.

Depreciation and amortisation

Depreciation and amortisation are calculated to write off the cost of all tangible and intangible fixed assets over their expected useful lives. The rate generally applied is 25% straight line. The main categories of the Group's intangible and tangible assets are:

Intellectual property, Software, Leasehold improvements, Plant and machinery, Motor vehicles, Computer equipment, and Furniture and fittings.

Investments

Investments held as fixed assets are stated at cost less provisions for any impairment.

Research and development

Research and development expenditure is written off as incurred except that development expenditure incurred on an individual project is carried forward when its technological feasibility is reasonably established and the commercial viability can be foreseen with reasonable assurance.

Capitalisation of development expenditure ceases when the products derived from the project are completed and fully tested. Any expenditure carried forward is amortised on a straight line basis over four years or the estimated useful life, if shorter, of the related products generated from the project, commencing in the period the product is available for sale. Expenditure considered to be irrecoverable is written off immediately.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright.

The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases.

The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at the end of each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Stocks and work-in-progress, excluding long-term contracts

Stocks and work-in-progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Long-term contracts

Turnover on long-term contracts is recognised according to the stage reached in the contract by reference to the value of work completed. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty.

The amount by which turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as work in progress.

Foreign exchange

Transactions denominated in foreign currencies are translated into pounds sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the differences arising from the translation of the opening net investment in subsidiaries at the closing rate and matched long-term foreign currency borrowings are taken direct to reserves.

Turnover

Turnover is the total amount receivable for goods supplied and services provided, excluding VAT and trade discounts.

Pension costs

The Company does not operate a corporate pension scheme. Contributions to personal pension plans are charged to the profit and loss account when paid.

Deferred taxation

Deferred tax is provided for under the liability method using the rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

2. Acquisitions and disposals

a) Tranzline Ltd

The entire share capital of Tranzline Ltd was acquired on 19 May 2000 by the parent Company for a consideration of £1,428,847. This acquisition has been accounted for using the acquisition method of accounting. Goodwill of £1,789,577 arose as a result of the acquisition, which has been capitalised on the balance sheet. The book values of this acquisition are:-

	Book value £
Tangible fixed assets	35,812
Debtors	290,745
Cash	35,451
Current liabilities	(718,568)
Long term liabilities	(4,170)
	<u>(360,730)</u>

There have been no fair value adjustments or reorganisation costs provided. The consideration comprised a cash payment of £763,912 and 4,155,844 shares issued with a market value of £664,935. For the period 1 April 2000 to 19 May 2000, Tranzline generated a turnover of £105,434 and incurred an operating loss of £56,484. There was no taxation charge, minority interest, exceptional items or extraordinary items in this period. For the year ended 31 March 2000, Tranzline incurred a post tax loss of £249,856.

b) ProVida in-car surveillance business

The business assets, intellectual property and employees of ProVida were acquired on 29 September 2000 from JAI A/S of Denmark for a total consideration of £3,883,555 (including £250,000 deferred consideration).

This business was acquired by the Group through a newly created 100% owned subsidiary, Petards Mobile Intelligence A/S, and has been accounted for using the acquisition method of accounting. Petards Mobile Intelligence A/S was established with an initial capital investment of £750,000. Goodwill of £3,672,768 arose as a result of the acquisition, which has been capitalised on the balance sheet. The book values of this acquisition were:-

	Book value £
Tangible fixed assets	26,210
Stock	200,303
Current liabilities	(15,726)
	<u>210,787</u>

There have been no fair value adjustments or reorganisation costs provided. The consideration comprised cash on completion of £3,633,555, with a deferred consideration of £250,000 upon achievement of sales targets, payable 15 October 2001.

Analysis of results

	2000			1999		
	Continuing £	Acquisitions £	Total £	Continuing £	Discontinued £	Total £
Turnover	3,351,567	1,730,758	5,082,325	3,304,928	-	3,304,928
Cost of sales	(2,068,879)	(766,725)	(2,835,604)	(1,767,017)	-	(1,767,017)
Gross profit	1,282,688	964,033	2,246,721	1,537,911	-	1,537,911
Administrative expenses	(2,040,961)	(507,971)	(2,548,932)	(1,257,260)	(13,728)	(1,270,988)
Goodwill amortisation	(26,925)	(98,744)	(125,669)	(23,042)	-	(23,042)
Operating (loss)/profit	(785,198)	357,318	(427,880)	257,609	(13,728)	243,881

3. Analysis of turnover, operating (loss)/profit and net assets

Turnover and (loss)/profit before taxation are attributable to the principal activities of the Group.

Geographical analysis by origin:

	Turnover		Operating (loss)/profit		Net assets	
	2000	1999	2000	1999	2000	1999
	£	£	£	£	£	£
United Kingdom	4,055,374	3,304,928	(787,659)	243,881	8,990,636	1,465,073
Rest of Europe	1,026,951	-	359,779	-	1,148,711	-
	<u>5,082,325</u>	<u>3,304,928</u>	<u>(427,880)</u>	<u>243,881</u>	<u>10,139,347</u>	<u>1,465,073</u>

Geographical analysis of turnover by destination:

	2000	1999
	£	£
United Kingdom	4,169,845	3,247,244
Rest of Europe	860,640	57,684
Rest of World	51,840	-
	<u>5,082,325</u>	<u>3,304,928</u>

4. Operating (loss)/profit

	2000	1999
	£	£
Operating (loss)/profit is stated after charging/(crediting):		
Amounts amortised from capitalised development expenditure	176,956	94,109
Auditors' remuneration, audit fees (parent: £25,000)	59,000	56,448
Auditors' remuneration, non audit services	82,500	-
Depreciation and amortisation:		
Intangible fixed assets, owned	163,594	57,674
Tangible fixed assets, owned (parent: £16,757)	119,399	58,079
Tangible fixed assets, held under finance leases (parent: £3,833)	68,743	52,166
(Profit)/loss on disposal of fixed assets	(4,453)	490
Operating leases:		
Hire of plant and machinery	10,761	10,559
Hire of other assets	91,567	38,750

5. Staff costs and Directors' emoluments

	2000	1999
	£	£
Directors' emoluments		
Aggregate emoluments	355,163	199,856
Company contributions to money purchase schemes	18,250	12,367
	373,413	212,223

Directors' emoluments exclude Employers National Insurance

Emoluments payable to the highest paid Director are as follows:

	2000	1999
	£	£
Aggregate emoluments including pensions	106,000	76,901

The number of Directors for whom contributions were made to personal pension schemes was three (1999: two).

Pension payments in respect of the highest paid Director were £6,000 (1999: £6,000).

Staff costs during the year were as follows:

	2000	1999
	£	£
Wages and salaries	2,123,255	994,014
Social security costs	208,062	101,137
Other pension costs	29,583	12,367
	2,360,900	1,107,518

Staff costs of £335,136 (1999: £180,204) have been capitalised as part of development expenditure.

The average number of employees during the year (including Executive Directors) was as follows:

	2000	1999
	Number	Number
Direct labour	33	15
Development	16	8
Sales	12	6
Administration	17	10
	78	39

6. Net interest (receivable)/payable

	2000	1999
	£	£
Interest payable		
Bank loan and overdrafts	54,280	27,472
Other loans	-	19,694
Finance charges in respect of finance leases	14,682	13,771
	68,962	60,937
Interest receivable and similar income	(153,671)	(3,997)
	(84,709)	56,940

7. Exceptional loss on disposal of operation

	2000	1999
	£	£
Goodwill previously written off to reserves	-	(23,614)
Professional fees and other expenses	-	(52,218)
	<u>-</u>	<u>(75,832)</u>

The exceptional loss in 1999 related to the disposal of Karline Security Systems plc.

8. Taxation

	2000	1999
	£	£
Adjustment in respect of prior years	-	(158)

Due to trading losses brought forward, the Group has no current year tax charge.

9. (Loss)/profit for the financial year – parent Company

As permitted by Section 230 of the Companies Act 1985, the parent Company's profit and loss account has not been included in these financial statements. The parent Company's loss for the financial year was £170,755 (1999: £505,086).

10. Earnings per share

The basic earnings per share for the year ended 31 December 2000 is based on the loss for the year on ordinary activities after taxation and minority interest of £279,250 (1999: profit £89,465) and on the weighted average number of ordinary 0.1p shares of 350,800,472 (1999 – 273,929,709).

The diluted earnings per share for the year ended 31 December 2000 is based on a loss on ordinary activities after taxation and minority interest of £279,250 (1999: profit – £89,465) and on an adjusted weighted average number of ordinary 0.1p shares of 370,165,694 (1999 – 276,583,118). The difference of 19,365,222 between this weighted average number of shares and the weighted average number of shares used for the basic earnings per share calculation relates to the share options.

11. Intangible fixed assets

	Goodwill	Intellectual property	Development expenditure	Software	Group
	£	£	£	£	£
Cost					
At 1 January 2000	107,700	38,592	847,963	113,113	1,107,368
Acquisitions	5,462,345	-	-	-	5,462,345
Foreign Exchange Translation differences	127,176	-	-	-	127,176
Additions	-	14,787	786,975	49,690	851,452
At 31 December 2000	5,697,221	53,379	1,634,938	162,803	7,548,341
Amortisation					
At 1 January 2000	26,542	15,257	279,020	52,803	373,622
Charge for the year	125,669	9,648	176,956	28,277	340,550
At 31 December 2000	152,211	24,905	455,976	81,080	714,172
Net book value					
At 31 December 2000	5,545,010	28,474	1,178,962	81,723	6,834,169
At 31 December 1999	81,158	23,335	568,943	60,310	733,746

Development expenditure represents development costs relating to specific products developed by subsidiary companies and is being written off over the estimated lives of each product.

In the opinion of the Directors the projected sales of these products support the decision to defer the costs and not treat them as a realised revenue loss.

12. Tangible fixed assets

	Leasehold improvements	Plant and machinery	Motor vehicles	Computer equipment	Furniture and fittings	Total
	£	£	£	£	£	£
Group						
Cost						
At 1 January 2000	29,427	172,898	271,048	93,670	31,071	598,114
Acquisitions	16,441	-	13,502	134,695	48,164	212,802
Additions	85,040	60,753	189,307	87,237	16,722	439,059
Disposals	-	-	(69,313)	-	-	(69,313)
At 31 December 2000	130,908	233,651	404,544	315,602	95,957	1,180,662
Depreciation						
At 1 January 2000	10,721	84,718	91,066	53,416	20,986	260,907
Acquisitions	2,265	-	5,486	123,703	19,326	150,780
Charge for the year	10,481	49,299	81,825	36,091	10,447	188,143
Disposals	-	-	(47,366)	-	-	(47,366)
At 31 December 2000	23,467	134,017	131,011	213,210	50,759	552,464
Net book value						
At 31 December 2000	107,441	99,634	273,533	102,392	45,198	628,198
At 31 December 1999	18,706	88,180	179,982	40,254	10,085	337,207

The net book value of tangible fixed assets includes an amount of £238,237 (1999: £179,922) in respect of assets held under finance leases. Depreciation charged on those assets during the year was £68,743 (1999: £52,166).

	Leasehold improvements	Plant and machinery	Motor vehicles	Computer equipment	Furniture and fittings	Total
	£	£	£	£	£	£
Company						
Cost						
At 1 January 2000	4,228	7,562	39,672	16,934	3,218	71,614
Additions	-	3,582	25,737	10,688	-	40,007
At 31 December 2000	4,228	11,144	65,409	27,622	3,218	111,621
Depreciation						
At 1 January 2000	88	5,678	16,489	7,527	1,856	31,638
Charge for the year	1,057	2,623	10,454	5,596	860	20,590
At 31 December 2000	1,145	8,301	26,943	13,123	2,716	52,228
Net book value						
At 31 December 2000	3,083	2,843	38,466	14,499	502	59,393
At 31 December 1999	4,140	1,884	23,183	9,407	1,362	39,976

The net book value of tangible fixed assets includes an amount of £10,223 (1999: £23,183) in respect of assets held under finance leases. Depreciation charged on these assets during the year was £3,833 (1999: £7,362).

13. Investments

Investments in subsidiaries

	Share capital £	Loans £	Total £
Cost			
At 1 January 2000	796,398	606,200	1,402,598
Additional investment	2,178,847	-	2,178,847
At 31 December 2000	2,975,245	606,200	3,581,445
Provisions for impairment in value			
At 1 January 2000 and as of 31 December 2000	182,939	508,097	691,036
Net book value at 31 December 2000	2,792,306	98,103	2,890,409
Net book value at 31 December 1999	613,459	98,103	711,562

The additional investment represents payment for 100% of the share capital in both Tranzline Ltd and Petards Mobile Intelligence A/S.

Goodwill

The cumulative amount of goodwill resulting from acquisitions, prior to 31 December 1998 and the introduction of FRS10, which has been written off to reserves, after deducting goodwill attributable to the businesses disposed of was £400,556 (1999: £400,556).

14. Stocks

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Raw materials	751,565	390,117	5,940	46,340
Finished goods and goods for resale	157,961	123,455	-	-
	909,526	513,572	5,940	46,340

In the opinion of the Directors, there is no material difference between the carrying value and the replacement cost of stocks.

15. Debtors

Amounts falling due within one year:

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Trade debtors	1,854,609	1,030,601	4,265	-
Amounts owed by subsidiary undertakings	-	-	5,673,034	312,343
Amounts recoverable on contracts	415,862	392,585	-	-
Other debtors	111,722	41,358	20,433	20,138
Prepayments and accrued income	202,316	43,644	132,413	23,083
	2,584,509	1,508,188	5,830,145	355,564

16. Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank overdraft	94,531	771,917	-	-
Trade creditors	1,111,010	491,853	154,613	79,957
Amounts due to subsidiary undertakings	-	-	-	69,672
Amounts due to related parties (see note 28)	22,750	39,788	22,750	14,781
Social security and other taxes	205,614	183,352	-	17,592
Other creditors	91,499	141,941	321,541	305,189
Finance leases	99,935	88,050	1,461	12,403
Accruals and deferred income	654,699	358,533	-	9,000
	2,280,038	2,075,434	500,365	508,594

17. Creditors: amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Finance leases	<u>63,951</u>	<u>55,306</u>	<u>-</u>	<u>1,461</u>

The finance leases are repayable as follows:

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
In one year or less	99,935	88,050	1,461	12,403
Between one and two years	55,831	44,576	-	1,461
Between two and five years	8,120	10,730	-	-
	<u>163,886</u>	<u>143,356</u>	<u>1,461</u>	<u>13,864</u>

18. Operating leases

	Land and Buildings		Other	
	2000	1999	2000	1999
	£	£	£	£
Group				
Operating leases which expire:				
Within one year	-	-	-	3,649
In two to five years	83,350	53,750	8,334	-
In over five years	116,000	-	2,184	2,184
	<u>199,350</u>	<u>53,750</u>	<u>10,518</u>	<u>5,833</u>

19. Share capital

	2000		1999	
	No of shares	Nominal capital £	No of shares	Nominal capital £
Authorised				
400,000,000 Ordinary shares of 0.1p each at 1 January 2000			400,000	400,000
			<u>400,000</u>	<u>400,000</u>
Allotted, called up and fully paid				
Ordinary shares of 0.1p each	378,749,517	378,750	308,686,501	308,687
	<u>378,749,517</u>	<u>378,750</u>	<u>308,686,501</u>	<u>308,687</u>

19. Share capital (continued)

During the year the Company issued shares as follows:

Date of issue	No of shares	Nominal value	Consideration
	£	£	£
7 January 2000	16,705,494	16,705	1,913,135
19 January 2000	8,500,000	8,500	1,190,000
8 February 2000	5,000,000	5,000	1,000,000
28 February 2000	216,578	217	6,497
5 March 2000	200,000	200	6,000
3 April 2000	2,236,250	2,236	66,663
25 May 2000	4,155,844	4,156	664,935
11 September 2000	2,000,000	2,000	300,000
28 September 2000	31,048,850	31,049	4,036,351
	<u>70,063,016</u>	<u>70,063</u>	<u>9,183,581</u>

Share options and warrants

As at 31 December 2000 options under the Company's unapproved share option scheme were outstanding as follows:

No of shares	Subscription price per share (p)	Period of option	Date of grant
2,736,414	3.0	14.2.00 to 13.2.04	14.2.97
1,350,000	1.5	1.1.01 to 30.11.05	1.12.98
8,000,000	1.5	1.1.01 to 16.5.06	17.5.99
4,000,000	1.5	1.9.00 to 16.5.06	17.5.99
3,150,000	1.0	1.1.01 to 12.5.06	12.5.99
1,875,000	3.0	1.1.04 to 30.11.06	1.12.99
172,308	3.0	18.5.00 to 17.5.07	18.5.00
344,615	3.0	18.5.01 to 17.5.07	18.5.00
<u>21,628,337</u>			

On 26 February 2001 a 1 for 10 share consolidation was effected. The share options have been adjusted accordingly.

20. Reserves

	Share premium account £	Profit and loss account £
Group		
At 1 January 2000	3,896,254	(2,745,761)
Loss for the financial year	-	(279,250)
Currency translation gain	-	99,729
Arising on share issues	9,113,518	-
Share issue costs	(265,865)	-
At 31 December 2000	12,743,907	(2,925,282)
Company		
At 1 January 2000	3,896,254	(3,182,599)
Loss for the financial year	-	(170,755)
Arising on share issues	9,113,518	-
Share issue costs	(265,865)	-
At 31 December 2000	12,743,907	(3,353,354)

21. Reconciliation of movements in equity shareholders' funds

	2000 £	1999 £
(Loss)/profit for the financial year	(279,250)	89,465
Other recognised gains and losses relating to the year	99,729	-
New share issues	9,183,581	1,208,998
Expenses of share issue	(265,865)	(62,636)
Goodwill written back on disposals	-	23,614
Opening equity shareholders' funds	1,459,180	199,739
Closing equity shareholders' funds	10,197,375	1,459,180

22. Net cash outflow from operating activities

	2000	1999
	£	£
Operating (loss)/profit	(427,880)	243,881
Amortisation of intangible fixed assets	340,550	151,783
Depreciation of tangible fixed assets	188,143	110,245
(Profit)/loss on sale of tangible fixed assets	(4,453)	490
Increase in stocks	(195,651)	(228,890)
Increase in debtors	(785,576)	(381,510)
Decrease in creditors	(139,268)	(48,033)
Net cash outflow from operating activities	(1,024,135)	(152,034)

23. Reconciliation of net cash flow to movement in net cash/(debt)

	2000	1999
	£	£
Increase in cash in the year	1,701,220	196,376
Cash outflow from decrease in debt	103,142	141,765
Change in net debt resulting from cash flows	1,804,362	338,141
Loans and finance leases acquired with subsidiary	(6,538)	-
Other movements/non-cash items:		
- New finance leases	(117,134)	(141,269)
Movement in net cash in the year	1,680,690	196,872
Net debt at 1 January	(412,173)	(609,045)
Net cash/(debt) at 31 December	1,268,517	(412,173)

24. Analysis of net cash/(debt)

	At 1 January 2000 £	Cash flow £	Acquisitions £	Other non-cash changes £	At 31 December 2000 £
Cash at bank and in hand	503,100	1,023,834	-	-	1,526,934
Overdrafts	(771,917)	677,386	-	-	(94,531)
	(268,817)	1,701,220	-	-	1,432,403
Finance leases	(143,356)	103,142	(6,538)	(117,134)	(163,886)
Totals	(412,173)	1,804,362	(6,538)	(117,134)	1,268,517

25. Acquisitions and disposals

Purchase of businesses	ProVida £	Tranzline £	Total 2000 £	1999 £
Goodwill	3,672,768	1,789,577	5,462,345	93,700
Tangible fixed assets	26,210	35,812	62,022	1,000
Stock	200,303	-	200,303	5,000
Debtors	-	290,745	290,745	-
Cash	-	35,451	35,451	-
Current liabilities	(15,726)	(718,568)	(734,294)	(66,700)
Long term liabilities	-	(4,170)	(4,170)	-
	3,883,555	1,428,847	5,312,402	33,000
Consideration, satisfied by cash paid	3,633,555	763,912	4,397,467	33,000
Shares issued	-	664,935	664,935	-
Deferred consideration	250,000	-	250,000	-
	3,883,555	1,428,847	5,312,402	33,000

Petards Mobile Intelligence A/S was established during the year with initial capital of £750,000.

Disposal of subsidiary undertaking

	2000 £	1999 £
Goodwill (reinstated from reserves)	-	23,614
Loss on disposal	-	(75,832)
	-	(52,218)
Satisfied by:		
Cash paid	-	(52,218)
	-	(52,218)

26. Minority interests

	2000	1999
	£	£
At 1 January 2000	5,893	(15,909)
(Loss)/profit on year	(63,921)	21,802
	<u>(58,028)</u>	<u>5,893</u>

At 31 December 2000, the minority interest represents a 10% interest in the ordinary share capital of Petards Mobile Intelligence Limited.

27. Provision for liabilities and charges

	Deferred taxation
	£
Balance at 1 January 2000	-
Profit and loss account charge	-
Balance at 31 December 2000	<u>-</u>

Deferred tax

The amounts of Group deferred taxation provided and not provided are as follows:

	Provided	Provided	Not provided	Not provided
	2000	1999	2000	1999
	£	£	£	£
Capital allowances in excess of depreciation	-	-	(13,100)	(19,000)
Overseas intangible depreciation	115,770	-	-	-
	<u>115,770</u>	<u>-</u>	<u>(13,100)</u>	<u>(19,000)</u>
Less losses	(115,770)	-	(506,000)	(440,000)
	<u>-</u>	<u>-</u>	<u>(519,100)</u>	<u>(459,000)</u>

No provision has been made for taxation that would arise in the event of overseas subsidiaries distributing the balance of their reserves as these amounts are retained for investment in the business.

28. Related party transactions

Related party	Nature of related party	Type of transaction	2000	1999
			Value of transaction (net of VAT) £	Value of transaction (net of VAT) £
Gearcell plc	Company controlled by Mr O Williams	Property utilities	3,750	8,346
Expertreview Ltd	Company controlled by Mr O Williams	Loan Interest		19,694
		Provision of motor and mobile phones to two Directors	20,680	26,381
		Consultancy	20,000	-
		Provision of property rental	5,000	-
		Accountancy services	9,593	-
Avenir Technology UK Ltd	Company connected to Mr I Taylor	Consultancy and recruitment services	52,750	-
			111,773	54,421

The above are arm's length transactions.

At 31 December 2000, Avenir Technology UK Ltd was owed £22,750 (1999: nil). As at 31 December 1999 Gearcell plc was owed £1,309 and Expertview Ltd £5,247.

There is no ultimate controlling party of Screen plc.

29. Post balance sheet events

Since 31 December 2000 a further 47,619,046 shares have been issued, bringing the total issued share capital to 426,368,563 ordinary 0.1p shares. The shares were issued at a premium and raised £4,500,000 after expenses.

At the Extraordinary General Meeting of the Company on 21 February 2001 the shareholders overwhelmingly voted to accept the proposal to consolidate the shares on a 1 for 10 basis. This was duly actioned on Monday, 26 February 2001, hence there are now 42,636,856 ordinary 1p shares in issue.

The Group made a further acquisition on 2 February 2001 of the Civil Systems division from BAe Systems plc for a consideration of £1,110,000.

30. Principal subsidiaries

A list of the principal subsidiaries and the proportion of their share capital and voting rights held is set out below:

Name of Company	Country of operations and registration	Nature of business	Holding	Proportion held
Petards Vision Limited (formerly Petards International Ltd)	England and Wales	Integrated Security Systems	Ordinary shares Preference shares	100% 100%
Petards Mobile Intelligence Limited (formerly Petards Daxat Ltd)	England and Wales	Mobile Data CCTV and in-car video	Ordinary shares	90%
Petards Mobile Intelligence A/S	Denmark	Mobile Data and in-car video	Ordinary shares	100%
Tranzline Limited	England and Wales	Customer relationship management applications software	Ordinary shares	100%

Subsidiaries which have ceased trading

Petards International Limited	England and Wales	Ordinary shares	100%
Executive Security (Wentworth) Services Limited	England and Wales	Ordinary shares	100%
Karline Security Systems plc (in liquidation)	England and Wales	Ordinary shares	100%
Screen Security Limited	England and Wales	Ordinary shares	100%
Petards Corporate Knowledge Limited	England and Wales	Ordinary shares	100%
SecurScan Limited	England and Wales	Ordinary shares	100%

All the above subsidiaries have been consolidated in the accounts.

Notice of Annual General Meeting

Notice is given that the 2001 Annual General Meeting of Screen plc (the "Company") will be held at: SG Securities, Exchange House, Primrose Street, London, EC2A 2DD on 18 June 2001 at 10:00 am for the following business:-

Ordinary business

1. To receive the Report of the Directors and the audited financial statements of the Company for the year ended 31 December 2000.
2. To re-elect as a Director, Charles Edward Hughes, a Director appointed by the Board and whose appointment lasts until this meeting.
3. To re-elect as a Director, James David Alexander Shand, a Director appointed by the Board and whose appointment lasts until this meeting.
4. To re-appoint Deloitte & Touche as auditors.
5. To authorise the Directors to fix the auditors' remuneration.

Special business

To consider and, if thought fit, pass the following resolutions which will be proposed as to resolutions number 6 and 7 as ordinary resolutions and as to resolution number 8 as a special resolution:

6. That the authorised capital of the Company be increased from £500,000 to £600,000 by the creation of 10,000,000 new ordinary shares of 1p each to rank *pari passu* in all respects with the existing ordinary shares.
7. That subject to resolution 6 above being duly passed, pursuant to Section 80 of the Companies Act 1985 (as amended) (the "Act"), the Directors of the Company be and are hereby generally and unconditionally authorised and in substitution for any existing power to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 (2) of the Act) of the Company up to a maximum nominal amount of £137,753.10 during the period commencing on the date of the passing of this resolution and expiring on the day fifteen months after the date of the passing of this resolution or, if earlier, on the conclusion of the next Annual General Meeting of the Company, and the Directors be and are hereby entitled as contemplated by Section 80(2) of the Act to make at any time prior to the expiry of such authority any offer or agreement which would or might require relevant securities of the Company to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authorities conferred hereby had not expired.
8. That subject to resolutions 6 and 7 above being duly passed, the Directors of the Company be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94(2) of the Act) in the capital of the Company for cash pursuant to the authority conferred by resolution 7 above as if Section 89(1) of the Act did not apply to the allotment, provided that this power shall be limited to:
 - (a) the allotment of equity securities by way of a rights issue; and
 - (b) the allotment of equity securities (not by way of a rights issue) up to a maximum aggregate nominal amount of £63,955.

Provided that such power shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, the expiration of fifteen months from the date of passing of this resolution, but so that the Company may make an offer or agreement prior to such expiry which would or might require equity securities to be allotted after the expiry of such power, and the Directors may allot equity securities in pursuance of that offer or agreement as if such power had not expired.

In this resolution, a "rights issue" means an offer of equity securities which is open to people who are registered holders of ordinary shares in the Company on a particular date, in proportion to their holding of ordinary shares. The offer will be subject to any limits, or restrictions, that the Directors think are necessary or appropriate to deal with:-

- (i) any fractions of shares which people would be entitled to; or
- (ii) legal or practical problems under the laws of any territory or the requirements of any regulatory body, or Stock Exchange, in any territory.

By Order of the Board


James Shand

Company Secretary

Registered Office: Stubbings Barn
Burchetts Green Lane
Burchetts Green
Maidenhead
BERKSHIRE SL6 3QP

Company Number: 2990100

21 May 2001

Notes

1. A shareholder who can attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of them. The proxy does not have to be a shareholder of the Company.
2. To appoint a proxy, the enclosed proxy form should be completed in accordance with the notes on the form and delivered to the Company's Registrars. You must do this so that the Registrars receive it by 10:00 am on 16 June 2001.
3. The following documents will be available for inspection at Stubbings Barn, Burchetts Green Lane, Burchetts Green, Berkshire, SL6 3QP during normal business hours on any weekday, excluding Saturdays and Public Holidays, from the date of this notice until the date of the Meeting and, on the date of the Meeting, at the place of the Meeting from 9:15 am until the conclusion of the Meeting:-
 - (a) the Service Contracts or Consultancy Agreements of the Executive Directors; and
 - (b) the Register of Directors' Interests in shares in the Company.

Stubbings Barn, Burchetts Green Lane, Burchetts Green,
Maidenhead, Berkshire SL6 3QP

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