

Bamboo Investments plc

Interim Report & Accounts
8 May 2003

733 533



A29
COMPANIES HOUSE

APUWYKXS

0469
14/05/03

Contents

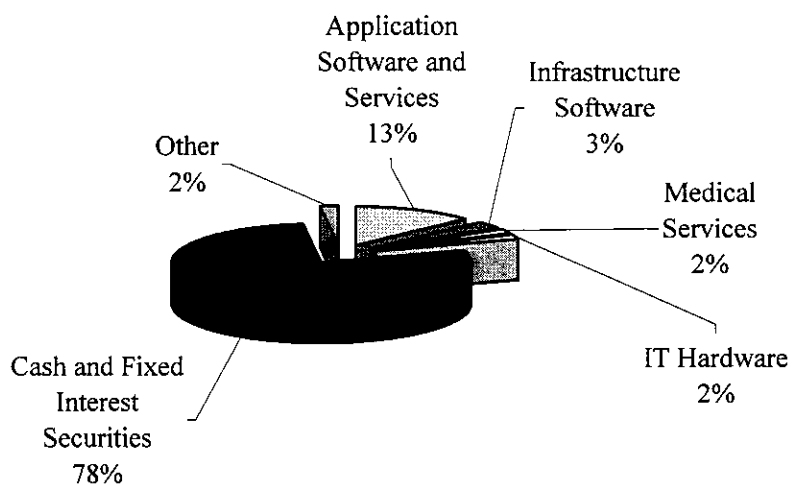
Page

Highlights	3
Analysis of top ten investments at 8 May 2003	4
Valuation policy	5
The Board of Directors	6
Accounting policies	7
Consolidated profit and loss account	8
Consolidated balance sheet	9
Company balance sheet	10
Notes to the financial statements	11

Highlights

	May 2003	2002
• Net Asset Value per share -- Directors' valuation basis *	65.2p	66.4p
• Net Asset Value per share – Historic cost (less provision) basis	64.2p	65.3p
• Cash and fixed interest securities per share	51.8p	51.7p

Analysis of investments at Directors' valuation at 8 May 2003



* A Directors' valuation has been applied to each valuation for illustrative purposes only. The principles used in the illustrative valuation are detailed on page 5.

Analysis of top ten investments at 8 May 2003

	Historic cost less provision £	Directors' valuation £
Active Hotels Limited	500,112	500,112
VIS entertainment plc	376,862	390,487
E Jewson Services to Charities Ltd	268,736	268,736
European Telecommunications and Technology Limited	107,758	267,614
TM Property Service Limited	314,087	327,838
Applied Psychology Research Limited	263,338	263,338
Infrared Integrated Systems Limited	236,031	252,390
Cassium Technologies Limited	250,000	250,000
Dr Foster Limited	249,998	249,998
Casewise Systems Limited	133,596	133,596
Other unlisted investments	107,123	107,123
Total unlisted investments	2,807,641	3,011,232
Cash at bank	10,671,340	10,671,340
Other net liabilities	(254,325)	(254,325)
Total net assets	13,224,656	13,428,247
NAV per share	64.2p	65.2p

Valuation policy

Valuation policy

It is the policy of Bamboo to present the financial statements under the historical cost convention. This means that fixed asset investments are held at cost less any provision for impairment.

A provision is considered if the performance of the investment is significantly below the expectations on which the investment was based, leading to a diminution in value.

Provisions are made as a percentage of cost in bands of 25% in accordance with British Venture Capital Association ("BVCA") guidelines.

Principles of Directors' valuation for illustrative purposes only

A Directors' valuation has been applied to each investment for illustrative purposes only. The principles used in the illustrative valuation are discussed below.

In valuing unlisted investments, the Directors follow a number of general principles which are based upon the BVCA guidelines for valuing unquoted investments.

Investments are stated at amounts considered by the Directors to be a fair assessment of their value. All investments are valued according to one of the following bases:

Early stage investments

Early stage investments are valued at cost (less any impairment provision required). The exception to this principle is where a significant transaction involving an independent third party at arms length values the investment at a materially different value. In these circumstances the investment is revalued (either up or down).

Provisions are considered if the performance of the investment is significantly below the expectations on which the investment was based, leading to a diminution in value. Provisions are made in bands of 25%.

Development stage investments

Development stage investments are carried at cost for one year unless this basis of valuation is unsustainable. Provisions are considered if the investment performs significantly below expectations.

A change of valuation may be considered by reference to the price at which a subsequent issue of capital is made, or at which a transaction for cash in the relevant security takes place. In certain circumstances, for example where restrictions or preferential rights exist, the Directors may consider a provision against the valuation. Additionally a change in valuation may be considered for significant market movements.

Investments traded on AIM and OFEX are valued at the closing mid-market price at the balance sheet date less a provision for illiquidity.

The Board of Directors

Michael Stoddart (Chairman) – age 71 ♦ ♣

Michael Stoddart is former chairman of Electra Investment Trust, one of the UK's leading providers of private equity; he held this position from 1986, having been appointed chief executive in 1974, to his retirement in April 2000. He is chairman of the Foundation of Entrepreneurial Management at the London Business School, a director of Merlin Ventures, chairman of Elderstreet Millennium VCT and holds a number of non-executive directorships of public and private companies in the UK. He is a senior advisor to Fleming Family and Partners.

Ian Laing – age 57 ♦ ♣ ♠

Ian Laing is chairman of Milton Park, which he founded in 1984. He has also been a founding shareholder and a non-executive director of a series of high tech start-up businesses including Oxford Asymmetry, Oxford Semiconductor and Doctors.net.uk. He is a non-executive director of SPV and a Governor of the London Business School. Ian Laing is a graduate of the London Business School.

Simon Oliver – age 62 ♦ ♣ ♠ (Chairman of the Remuneration Committee)

Simon Oliver founded his own foods business in 1976, which he grew into a £135 million turnover company before selling out his majority interest in 1995. In 1992 he chaired the MBO of the Cheese Company, which was successfully sold within three years. He is now chairman of Pi Capital, chairman of Dairy Crest and a non-executive director of several companies. Simon Oliver is an active investor in small businesses.

Graham Ross Russell – age 70 ♦ ♣ ♠ (Chairman of the Audit Committee)

Graham Ross Russell has had a distinguished career in the City with a special interest in the growth of small companies. He was a partner in stockbrokers Laurence Prust for many years, was deputy chairman of the London Stock Exchange and chairman of the Securities Institute and is a member of the Market Authority of Nasdaq Europe. He is currently chairman of Advent Venture Capital Trust, and F&C Capital and Income Investment Trust, a director of UK Select Investment Trust, and a Trustee of NESTA. Graham Ross Russell is also chairman of the Enterprise Panel and of UKBI and is actively involved in promoting the application of business incubation principles in the UK. He is a graduate of Cambridge University and the Harvard Business School.

James Stoddart (Chief Executive) – age 37

James Stoddart has been actively involved in managing the Bamboo investments since 1996 on a part time basis. He joined Bamboo full-time in September 1999 to manage the portfolio more pro-actively. Prior to that he spent six years at Postern Executive Group, a leading firm of "company doctors" in the UK, where he worked on numerous turnaround assignments and was instrumental in establishing the Postern Fund to invest in turnaround situations. James Stoddart previously worked in corporate strategy for Hutchison Whampoa in Hong Kong and in Corporate Finance for Oppenheimer in New York. He has a degree in finance and international business from Boston University.

♦ *Non-executive Director*

♣ *Member of the audit committee*

♠ *Member of the remuneration committee*

Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies of the Company are set out below.

Turnover

Turnover represents net invoiced sales of Director's fees/consultancy services excluding value added tax.

Subsidiary undertaking

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary Bamboo Investment Management Limited.

Investment income

Dividends from listed shares are accrued from the date the shares are declared ex-dividend; income from unlisted shares is accounted for as dividends are received; interest on fixed interest securities is accounted for on an accruals basis.

Depreciation

Depreciation is calculated to write down the cost less residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The periods generally applicable are: computer equipment 2-3 years, fixtures and fittings 3 years.

Fixed asset investments

Investments are held as fixed asset investments. Fixed interest securities are stated at amortised cost. Any premium/discount on acquisition of fixed interest securities is amortised on a straight line basis over the fixed life of the security.

Other unlisted investments are stated at cost less any provision for impairment. As investments are held for the purpose of capital appreciation, all investments, even those investments over which the Company has significant influence, are treated in the same way.

Taxation

The charge for taxation is based on the net profit for the year. Deferred tax is provided in accordance with Financial Reporting Standard 19 on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are recoverable. The adoption of FRS 19 had no impact on the results for the year.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Operating leases

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Consolidated profit and loss account

	Notes	Period ended 8 May 2003 £	Year ended 31 December 2002 £
Turnover		13,015	29,373
Investment income	1	181,154	545,310
Other income		5,260	23,083
Total income		199,429	597,766
Administrative expenses	2	(458,735)	(698,850)
Operating (loss)/profit		(259,306)	(101,084)
Realised gains on investments		25,418	9,434
Provisions for impairment of investments		-	(1,430,944)
Interest payable & similar charges	4	(73)	(7,649)
Loss on ordinary activities before taxation		(233,961)	(1,530,243)
Tax on ordinary activities	5	-	(4,919)
Loss on ordinary activities after taxation for the financial year		(233,961)	(1,535,162)
Dividends	6	-	-
Retained loss for the year	15	(233,961)	(1,535,162)
Loss per ordinary share:			
Basic	7	(1.14)p	(7.45)p
Fully diluted	7	(1.14)p	(7.45)p

The accounting policies on page 7 and Notes to the financial statements on pages 11 to 20 form part of these financial statements.

There are no recognised gains and losses other than those included in the profit and loss accounts, and therefore no separate statement of total realised gains and losses have been prepared.

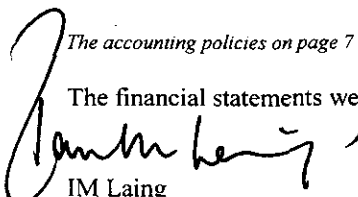
The results for the period above are entirely derived from continuing operations as defined by FRS 3.

Consolidated balance sheet

	Notes	8 May 2003 £	31 December 2002 £
Fixed assets			
Tangible assets	9	-	5,497
Investments			
Venture capital portfolio	10	2,807,641	2,802,197
Fixed interest portfolio	10	-	3,087,733
		2,807,641	5,895,427
Current assets			
Debtors	12	44,738	192,895
Cash at bank and in hand		10,671,340	7,560,790
		10,716,078	7,753,685
Creditors - amounts falling due within one year	13	(299,063)	(190,495)
Net current assets		10,417,015	7,563,190
Total assets less current liabilities		13,224,656	13,458,617
Creditors - amounts falling due after one year			
Provision for liabilities and charges		-	-
Net assets		13,224,656	13,458,617
Capital and reserves			
Called up share capital	14	1,030,015	1,030,015
Share premium account	15	-	16,317,199
Special reserve	15	16,317,199	-
Profit and loss account	15	(4,122,558)	(3,888,597)
Equity shareholders' funds		13,224,656	13,458,617

The accounting policies on page 7 and Notes to the financial statements on pages 11 to 20 form part of these financial statements.

The financial statements were approved by the Board of Directors on 12 May 2003.

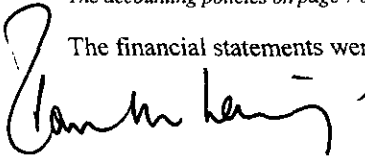

IM Laing

Company balance sheet

	Notes	8 May 2003 £	31 December 2002 £
Fixed assets			
Tangible assets	9	-	5,497
Investments			
Subsidiary undertaking	11	20,000	20,000
Venture capital portfolio	10	2,807,641	2,802,197
Fixed interest portfolio	10	-	3,087,733
		2,827,641	5,915,427
Current assets			
Debtors	12	44,738	192,895
Cash at bank and in hand		10,651,116	7,540,608
		10,695,854	7,733,503
Creditors - amounts falling due within one year	13	(299,063)	(190,495)
Net current assets		10,396,791	7,543,008
Total assets less current liabilities		13,224,432	13,458,435
Creditors - amounts falling due after one year			
Provision for liabilities and charges		-	-
Net assets		13,224,432	13,458,435
Capital and reserves			
Called up share capital	14	1,030,015	1,030,015
Share premium account	15	-	16,317,199
Special reserve	15	16,317,199	-
Profit and loss account	15	(4,122,782)	(3,888,779)
Equity shareholders' funds		13,224,432	13,458,435

The accounting policies on page 7 and Notes to the financial statements on pages 11 to 20 form part of these financial statements.

The financial statements were approved by the Board of Directors on 12 May 2003.


IM Laing

Notes to the financial statements

Note 1 Income

Investment income	Period ended 8 May 2003	Year ended 31 December 2002
	£	£
Income from Treasury bills and other fixed asset investments	78,058	223,372
Other income receivable arising on cash deposits	103,096	321,938
	181,154	545,310

Note 2 Administrative expenses

Administrative expenses include the following:

	Period ended 8 May 2003	Year ended 31 December 2002
	£	£
Depreciation of tangible fixed assets	2,026	6,585
Profit on disposal of fixed assets	-	-
Auditors' remuneration		
Audit work	-	21,000
Non-audit work (tax review)	2,500	6,500
Operating lease rentals		
Building	27,766	55,533
Other	2,418	2,418
Staff costs during the year were		
Salaries	126,390	301,119
Social security costs	15,847	39,062
Pension, insurance and other costs	3,254	6,692

The average number of employees of the Company in the UK during the period was 3 (2002:3)

Note 3 Directors' remuneration, emoluments and interests

Listed below is the detailed information in respect of Directors' remuneration and benefits.

Directors' emoluments

	Salaries /Directors' fees	Bonus	Taxable benefits	Total emoluments excluding pension contributions 2003	Total emoluments excluding pension contributions 2002
	£	£	£	£	£
IM Laing *	3,750	-	-	3,750	10,000
SMD Oliver *	3,750	-	-	3,750	10,000
G Ross Russell*	3,750	-	-	3,750	10,000
JRB Stoddart	45,000	-	1,945	46,945	123,924
MC Stoddart *	5,625	-	-	5,625	15,000
MC Williams *	2,610	-	-	2,610	10,000
Total	64,485	-	1,945	66,430	179,096

The fees for the non-executive Directors (*) are paid directly to their primary employing company, and they do not receive any other remuneration.

The highest paid Director during the year is shown below:

	Salaries / Director's fees	Bonus	Taxable benefits	Total emoluments excluding pension contributions 2003	Total emoluments excluding pension contributions 2002
	£	£	£	£	£
JRB Stoddart	45,000	-	1,945	46,945	123,924
Total	45,000	-	1,945	46,945	123,924

Note 3 Directors' remuneration, emoluments and interests (*continued*)

Directors' interests in shares

The interests of the Directors in the ordinary shares of the Company are detailed below:

	Ordinary shares of 5p each at 1 January 2003	Ordinary shares sold during the period	Ordinary shares acquired during the period	Ordinary shares of 5p each at 8 May 2003
IM Laing	1,000,000	-	-	1,000,000
SMD Oliver	230,000	-	-	230,000
G Ross Russell	100,000	-	-	100,000
JRB Stoddart	160,175	-	-	160,175
MC Stoddart*	1,862,992	-	-	1,862,992
MC Williams	25,000	-	-	25,000

* Mr MC Stoddart's holding includes 400,000 shares held by the Railike Special Pension Fund

In addition to the above shareholdings, Railike Limited holds a total of 2,912,131 ordinary 5p shares in Bamboo Investments. This represents 14.14% of the total share capital. Mr JRB Stoddart holds a beneficial 25% interest in Railike Limited.

Director's share options

	1 January 2003	Granted during period	8 May 2003	Exercise price	Date from which exercisable	Expiry date
JRB Stoddart	30,000	-	30,000	£1.00	07 Sep 2000	07 Sep 2010
	90,000	-	90,000	£1.00	07 Sep 2000	07 Sep 2010
	96,000	-	96,000	£1.00	07 Sep 2001	07 Sep 2010
	96,000	-	96,000	£1.00	07 Sep 2002	07 Sep 2010
	96,000	-	96,000	£1.00	07 Sep 2003	07 Sep 2010
	96,000	-	96,000	£1.00	07 Sep 2004	07 Sep 2010
	96,000	-	96,000	£1.00	07 Sep 2005	07 Sep 2010
	600,000	-	600,000			

All options other than those exercisable from 7 September 2000 are subject to performance criteria. No options were exercised during the period ended 8 May 2003.

Note 4 Interest payable and similar charges

Interest payable and similar charges	Period ended 8 May 2003	Year ended 31 December 2002
	£	£
Interest payable on overdrafts and bank loans repayable within 5 years otherwise than by instalments	73	7,649
Interest payable on other loans	-	-
	73	7,649

Note 5 Taxation on loss on ordinary activities

Taxation on (loss)/profit on ordinary activities	Period ended 8 May 2003	Year ended 31 December 2002
	£	£
Provision for UK corporation tax	-	-
Under provision in prior year	-	-
Write off tax losses	-	4,919
Total current tax	-	4,919

Factors affecting the tax charge for the year	Period ended 8 May 2003	Year ended 31 December 2002
	£	£
Loss on ordinary activities before taxation	(233,961)	(1,530,243)
Above at corporation tax rate	-	-
Under provision in prior year	-	-
Write off tax losses	-	4,919
Total current tax	-	4,919

Note 6 Dividends

No dividends were declared or paid during the period (2002:£Nil).

Note 7 Earnings per share

The calculation of basic loss per ordinary share is based on net loss for the period of £233,961 (year ended 31 December 2002 loss of £1,535,162) and weighted average number of shares of 20,600,298 (year ended 31 December 2002 20,600,298). The calculation of fully diluted loss per share takes account of the dilutive effect of any share options and warrants and is based on net loss for the financial year as above.

Note 8 Company profit and loss account

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 and its loss for the financial period was £234,003 (year ended 31 December 2002 loss of £1,535,331).

Note 9 Tangible fixed assets

	Fixtures and fittings	Computer software	Computer equipment	Total
Group and Company	£	£	£	£
Cost				
At 1 January 2003	2,925	6,693	16,830	26,448
Additions	-	-	-	-
Disposals	(2,925)	(6,693)	(16,830)	(26,448)
At 8 May 2003	-	-	-	-
Depreciation				
At 1 January 2003	1,950	6,693	12,308	20,951
Provided in the year	325	-	1,702	2,027
Disposals	(2,275)	(6,693)	(14,010)	22,978
At 8 May 2003	-	-	-	-
Net book value at 8 May 2003	-	-	-	-
Net book value at 1 January 2003	975	-	4,522	5,497

Note 10 Fixed asset investments

	Unlisted investments	Fixed interest portfolio	Total
Group and Company	£	£	£
Cost			
At 1 January 2003	7,495,768	3,087,733	10,583,501
Additions	61,405	-	61,405
Amortisation of premium on acquisition	-	(8,671)	(8,671)
Disposals	(55,961)	(3,079,062)	(3,135,023)
At 8 May 2003	7,501,212	-	7,501,212
Provision for impairment			
At 1 January 2003	4,693,571	-	4,693,571
Charge	-	-	-
Disposals	-	-	-
At 8 May 2003	4,693,571	-	4,693,571
Net book value at 8 May 2003	2,807,641	-	2,807,641
Net book value at 1 January 2003	2,802,197	3,087,733	5,889,930

Note 11 Investment in subsidiary undertaking

	8 May 2003	31 December 2002
Company	£	£
Cost	20,000	20,000

The Company's subsidiary undertaking as included in the consolidation at 8 May 2003, its principal activity and country of incorporation is set out below

Name	Country of incorporation	Business activity	Class of shares held and percentage
Bamboo Investment Management Limited	England	Investment Management Regulated by the FSA	Ordinary 100%

Note 12 Debtors

	8 May 2003	31 December 2002
Group and Company	£	£
Amounts falling due within one year		
Trade debtors	18,249	4,297
Other debtors	15,982	57,708
Prepayments and accrued income	10,507	130,890
Amounts falling due after more than one year		
Prepayments and accrued income	-	-
Total debtors	44,738	192,895

Note 13 Creditors: amounts falling due within one year

	8 May 2003	31 December 2002
Group and Company	£	£
Trade creditors	3,411	45,527
Current taxation	-	-
Social security and other taxes	-	9,202
Other creditors	1,588	49,646
Accruals and deferred income	294,064	86,120
Total creditors	299,063	190,495

Note 14 Share capital

		No of shares in issue	Share capital £
8 May 2003	Ordinary shares of 5p	20,600,298	1,030,015
1 January 2003	Ordinary shares of 5p	20,600,298	1,030,015

At 8 May 2003 the authorised share capital was 40,000,000 ordinary shares of 5p each (2001: 40,000,000 ordinary shares of 5p each).

No options were granted during the financial year, no options were exercised during the period.
At 8 May 2003 the following remained exercisable at the following prices and dates.

No of options	Exercise price	Exercisable from	Expiry date
Approved share option scheme			
30,000	£1.00	07 Sep 2000	07 March 2004
30,000	£1.00	07 Sep 2000	07 Sep 2010
Unapproved share option scheme			
30,000	£1.00	07 Sep 2000	07 March 2004
90,000	£1.00	07 Sep 2000	07 Sep 2010
480,000	£1.00	20% exercisable annually from 07 Sep 2001 to 07 Sep 2005 (inclusive)	07 Sep 2010
10,000	£1.00	01 May 2003	01 May 2011
60,000	£1.00	1/3 exercisable annually from 01 May 2004 to 01 May 2006 (inclusive)	01 May 2011

As at 8 May 2003 there remained 3.05 million options available to be granted under the Approved and Unapproved share schemes.

All options other than those exercisable from 7 September 2000 are subject to performance criteria.

Pursuant to a warrant instrument dated 4 July 2000, the following warrants were outstanding at the balance sheet date. No warrants were issued or exercised during the year.

No of warrants	Subscription price	Date issued	Expiry date
250,000	£1.00	8 August 2000	8 August 2005

Note 15 Reserves

	Share premium account	Special reserve	Profit and loss account	Profit and loss account
	Company			Group
	£	£	£	£
At 1 January 2003	16,317,199		(3,888,779)	(3,888,597)
Shares issued during year	-		-	-
Cancellation of share premium account and creation of special reserve	(16,317,199)	16,317,199	-	-
Retained loss for the period	-		(234,003)	(233,961)
At 8 May 2003	-	16,317,199	(4,122,782)	(4,122,558)

Note 16 Reconciliation of movements in shareholders' funds

	Period ended 8 May 2003	Year ended 31 December 2002
Group	£	£
Loss for the financial year	(233,961)	(1,535,162)
Dividends	-	-
Issue of share capital	-	-
Costs of issuing shares	-	-
Net reduction to shareholders' funds	(233,961)	(1,535,162)
Opening Shareholders' funds	13,458,617	14,993,779
Closing Shareholders' funds	13,224,656	13,458,617

Note 17 Capital commitments

At 8 May 2003, the Company had no capital commitments.

Note 18 Pension commitments

Until 29 June 2000, the Company operated a defined contribution pension scheme. Since that date Bamboo Investments plc has no future involvement with this pension scheme. The pension cost charge represents contributions payable by the Company to the scheme in respect of the financial period and amounted to £Nil (2002 - £Nil).

Note 19 Lease commitments

Annual operating lease payments relating to land and buildings and office equipment amounting to £20,154 are due within one year. The leases to which these amounts relate expire in less than one year.

Note 20 Post balance sheet event

Subsequent to an order confirmed by the High Court of Justice, Chancery Division dated the 7 May 2003 whereby the Company's share premium account was cancelled; and subsequent to the approval at the most recent Extraordinary General Meeting of the Company on 3 April 2003, whereby the Company was authorised to enter into a contract with its shareholders to purchase its own shares; the Company intends to purchase for cancellation 10,923,456 shares at a price of 63.7p per share.

In addition to the above, the Company has agreed to sell its subsidiary, Bamboo Investment Management Limited to James Stoddart for its net asset value.

The new investment management agreement between the Company and Close Venture Management will take effect from 15 May 2003.

Note 21 Contingent liabilities

Other than in the normal course of business, there were no contingent liabilities at 8 May 2003.

Company information

Directors

MC Stoddart (Chairman)
IM Laing
SMD Oliver
G Ross Russell
JRB Stoddart

Registered office

Manfield House
1 Southampton Street
London WC2R 0LR

Registered number

733533

Auditors

PricewaterhouseCoopers
Southwark Towers
32 London Bridge Street
London SE1 9SY

Principal bankers

Singer & Friedlander Limited
21 New Street
Bishopsgate
London EC2M 4HR

Legal advisors

Macfarlanes
10 Norwich Street
London EC4A 1BD

Registrars

Computershare Investor Services PLC
PO Box 859
The Pavilions
Bridgwater Road
Bristol BS99 3FA

Company Secretary

Catherine Kinnear ACA