

Company No. 260618

TIME PRODUCTS LIMITED
(formerly Time Products plc)

DIRECTORS' REPORT AND ACCOUNTS

31ST JANUARY 2002



TIME PRODUCTS LIMITED
(formerly Time Products plc)

DIRECTORS' REPORT

The directors submit their report and audited accounts for the year ended 31st January 2002.

CHANGE OF NAME

The company changed its name to Time Products Limited on 23rd August 2001, and re-registered as a private company.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a holding company. This will continue to be the principal activity for the foreseeable future.

On 16th August 2001 the entire share capital of Time Products plc was acquired by Almar plc.

REVIEW OF THE BUSINESS

The company continued to trade profitably during the year, and the directors are optimistic about the future.

RESULTS AND DIVIDENDS

Details of the company's results are shown in the profit and loss account on page 5. The directors recommend the payment of a dividend of £4,000,000 (2001 : £2,307,000). After dividends, retained profits of £2,000 (2001 : £6,129,000) have been transferred to reserves.

DIRECTORS

The following were directors during the year :-

M. J. Margulies
L. D. Michaels
J. D. Pollock
F R Frame (resigned 16th August 2001)
M D Boohan (resigned 16th August 2001)

M J Margulies retires by rotation and, being eligible, offers himself for re-election.

TIME PRODUCTS LIMITED
(formerly Time Products plc)

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

The interests of the directors who were directors at 31st January 2002 in the ordinary shares of the company were as follows :

| | At 31st Jan 2002 Beneficial and non-beneficial | At 1st Feb 2001 | |
|---------------|--|-----------------|----------------|
| | | Beneficial | Non-beneficial |
| M J Margulies | - | 5,529,877 | 3,390,420 |
| L D Michaels | - | 351,560 | - |
| J D Pollock | - | 24,433 | - |

The interests of the directors in the shares of the ultimate parent company, Almar plc, are shown in the directors' report of that company. Apart from this, the directors had no interests in the shares of any other group company.

During the year M J Margulies exercised options over 5,592 ordinary shares at an exercise price of 54p, and 2,639 ordinary shares at an exercise price of 84p.


EMPLOYEES

The company recognises the importance of good communications with employees. The company gives full and fair consideration to employment applications from disabled persons who have the necessary abilities to perform the job in question.

AUDITORS

The auditors, PricewaterhouseCoopers, who were appointed during the year, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the annual general meeting.

Approved by the Board of directors and
signed on behalf of the Board



W. COLVILLE
Secretary
31st May 2002

TIME PRODUCTS LIMITED
(formerly Time Products plc)

**DIRECTORS' RESPONSIBILITIES FOR THE
FINANCIAL STATEMENTS**

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out in their report on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that in preparing the financial statements on pages 5 to 16 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that applicable accounting standards have been followed.

The directors have responsibility for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. The directors also have responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

TIME PRODUCTS LIMITED
(formerly Time Products plc)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF TIME PRODUCTS LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit 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 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 at 31st January 2002 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pricewaterhouse Coopers

PRICEWATERHOUSECOOPERS
Chartered Accountants and Registered Auditors
London

31st May 2002

TIME PRODUCTS LIMITED
(formerly Time Products plc)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY 2002

| | Note | 2002 £000s | 2001 £000s |
|--|------|---------------|---------------|
| Gross profit | | - | - |
| Administrative expenses | 2 | (845) | (163) |
| OPERATING LOSS | | (845) | (163) |
| Net finance income | 3 | 599 | 694 |
| Amounts written back on investments in group undertakings | 10 | 2,500 | 3,998 |
| Profit on sale of trade investment | | - | 7,430 |
| Income from shares in group undertakings | | 1,790 | (500) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 5 | 4,044 | 11,459 |
| Tax on profit on ordinary activities | 7 | (42) | (1,808) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 4,002 | 9,651 |
| Dividend - paid (ordinary shares) | | (4,000) | (1,215) |
| - proposed (ordinary shares) | | - | (2,307) |
| RETAINED PROFIT FOR THE YEAR | 15 | <u>2</u> | <u>6,129</u> |

All activities derive from continuing operations.

There are no recognised gains or losses other than the profit for the financial years ended 31st January 2001 and 31st January 2002.

Accordingly, no statement of total recognised gains and losses is given.

TIME PRODUCTS LIMITED
(formerly Time Products plc)

BALANCE SHEET AS AT 31ST JANUARY 2002

| | Note | 2002 £000s | 2001 £000s |
|-----------------------------------|------|-----------------|-----------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 55 | 13 |
| Trade investment | 9 | 3,207 | 3,207 |
| Investments | 10 | 13,400 | 28,400 |
| | | <u>16,662</u> | <u>31,620</u> |
| CURRENT ASSETS | | | |
| Debtors | 11 | 61,045 | 49,640 |
| Cash at bank and in hand | | 541 | 39,873 |
| | | <u>61,586</u> | <u>89,513</u> |
| CREDITORS : AMOUNTS | | | |
| FALLING DUE WITHIN ONE YEAR | 12 | <u>(11,196)</u> | <u>(54,249)</u> |
| NET CURRENT ASSETS | | <u>50,390</u> | <u>35,264</u> |
| TOTAL ASSETS LESS | | | |
| CURRENT LIABILITIES | | 67,052 | 66,884 |
| PROVISIONS FOR | | | |
| LIABILITIES AND CHARGES | 13 | (234) | (269) |
| | | <u>66,818</u> | <u>66,615</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 4,221 | 4,195 |
| Share premium account | 15 | 6,235 | 6,060 |
| Capital redemption reserve | 15 | 1,230 | 1,230 |
| Profit and loss account | 15 | 55,132 | 55,130 |
| EQUITY SHAREHOLDERS' FUNDS | 16 | <u>66,818</u> | <u>66,615</u> |
| TOTAL SHAREHOLDERS' FUNDS | | | |
| ARE ATTRIBUTABLE TO : | | | |
| Equity shareholders | | 66,488 | 66,615 |
| Non-equity shareholders | | 330 | - |
| | | <u>66,818</u> | <u>66,615</u> |

Approved by the Board of directors on 31st May 2002
and signed on its behalf by :

M. J. Margulies)

) Directors

L. D. Michaels)

TIME PRODUCTS LIMITED
(formerly Time Products plc)

NOTES TO THE ACCOUNTS 31ST JANUARY 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The principle accounting policies adopted are described below. The company is exempt by virtue of S.228 of the Companies Act 1985 from the requirement to prepare group accounts. Accordingly, these financial statements present information about the company as an individual undertaking and not about its group.

Accounting policies

The new accounting standard, Financial Reporting Standard No 18 has been adopted. The directors have reviewed the company's accounting policies and consider that the financial statements are prepared in accordance with the requirements of Financial Reporting Standard No 18.

Foreign currencies

Foreign currency trading transactions are translated into local currency at the rate of exchange ruling at the dates of the transactions. Year end monetary assets and liabilities are translated at the rates of exchange at the balance sheet date. Translation differences are dealt with in the profit and loss account.

Depreciation

Depreciation is calculated to write off the cost of fixed assets in equal annual instalments over the following estimated useful lives :-

| | |
|---|---------------|
| Fixtures, fittings, tools and equipment | 3 to 10 years |
|---|---------------|

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable results and its results as stated in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

TIME PRODUCTS LIMITED
(formerly Time Products plc)

NOTES TO THE ACCOUNTS 31ST JANUARY 2002

1. ACCOUNTING POLICIES (continued)

Pensions

The directors and eligible employees of the company are covered by the Time Products Group Pension Scheme, a defined benefit scheme, which is financed through a separate trustee administered fund. The profit and loss charge comprises contributions to the fund which are based on actuarial advice as to the funding requirements of the Scheme as a whole. Full details of the group pension scheme are disclosed in the accounts of Almar plc.

Other employees of the company are covered by a defined contribution scheme and costs are charged to the profit and loss account as incurred.

Operating leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Investments

Investments held as fixed assets are stated at cost less a provision for permanent impairment in value.

2. ADMINISTRATIVE EXPENSES

Administrative expenses for the current year include costs of £702,000 relating to the acquisition of the company by Almar plc.

3. NET FINANCE INCOME

| | 2002 £000s | 2001 £000s |
|---|---------------|---------------|
| Dividends received from trade investment | 111 | 56 |
| Interest receivable and similar income - on deposits | 1,371 | 1,756 |
| Interest payable and similar charges - on bank loans and overdrafts | (6) | (30) |
| Interest receivable from group undertaking | - | 1,298 |
| Interest payable to group undertaking | (877) | (2,386) |
| | <u>599</u> | <u>694</u> |

TIME PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS 31ST JANUARY 2002

4. STAFF NUMBERS AND COSTS

The average number of persons employed by the company during the year was 15 (2001 : 19).

The aggregate payroll costs of these persons were as follows :-

| | 2002 £000s | 2001 £000s |
|--|---------------|---------------|
| Wages and salaries | 699 | 1,252 |
| Social Security costs | 103 | 139 |
| Pension costs - Defined benefit scheme | 80 | 108 |
| | <hr/> 882 | <hr/> 1,499 |

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is arrived at after charging :-

| | 2002 £000s | 2001 £000s |
|--|---------------|---------------|
| Auditors' remuneration - audit fee | 5 | 27 |
| - non-audit fee | - | 25 |
| Depreciation | 30 | 29 |
| Rentals paid under operating leases - Land & buildings | <hr/> 271 | <hr/> 271 |

6. DIRECTORS' EMOLUMENTS

In August 2001, the service contracts of the directors were transferred to Almar plc, the parent company. It is not practicable to allocate the directors' remuneration between their services as directors of Time Products Limited and their services as directors of other group companies.

The directors emoluments for the group amounted to £1,029,000 (2001 : £896,000), of which £710,000 related to the highest paid director who was M J Margulies. Further disclosures are included in the accounts of the ultimate parent company, Almar plc.

During the year M J Margulies exercised options over 5,592 ordinary shares at an exercise price of 54p, and 2,639 ordinary shares at an exercise price of 84p.

TIME PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS 31ST JANUARY 2002

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge for taxation is based on the profit for the year and comprises :-

| | 2002 £000s | 2001 £000s |
|--------------------------------------|---------------|---------------|
| Corporation tax at 30% (2001 - 30%) | 28 | 1,808 |
| Adjustment in respect of prior years | 14 | - |
| | <u>42</u> | <u>1,808</u> |

The standard rate of tax for the period, based on the UK standard rate of corporation tax, is 30%. The actual tax charge for the current period is lower than the standard rate for the reasons set out in the following reconciliation :

| | 2002 £ | 2001 £ |
|---|--------------|---------------|
| Profit on ordinary activities before tax | <u>4,044</u> | <u>11,459</u> |
| Tax on profit on ordinary activities at standard rate | 1,213 | 3,438 |
| Factors affecting charge for the period : | | |
| Capital allowances for period in excess of depreciation | (41) | 4 |
| Other timing differences | (44) | 199 |
| Expenses not deductible for tax purposes | 178 | 14 |
| Amounts written back on investments not taxable | (750) | (1,199) |
| Group dividends receivable/(payable) not taxable | (537) | 150 |
| Allowable loss on disposal of overseas operation | - | (1,049) |
| Tax adjustment on profit on sale of investment | - | 245 |
| Other adjustments | 9 | 6 |
| Adjustments in respect of prior years | 14 | - |
| | <u>42</u> | <u>1,808</u> |
| Total actual amount of current tax | <u>42</u> | <u>1,808</u> |

TIME PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS 31ST JANUARY 2002

8. TANGIBLE FIXED ASSETS

| | Fixtures, fittings, tools and equipment £000s |
|-----------------------|---|
| COST | |
| At 1st February 2001 | 419 |
| Additions | 77 |
| Disposals | (196) |
| | <hr/> |
| At 31st January 2002 | 300 |
| | <hr/> |
| DEPRECIATION | |
| At 1st February 2001 | 406 |
| Charge for year | 30 |
| Disposals | (191) |
| | <hr/> |
| At 31st January 2002 | 245 |
| | <hr/> |
| NET BOOK VALUE | |
| At 31st January 2002 | 55 |
| | <hr/> |
| At 31st January 2001 | 13 |
| | <hr/> |

9. TRADE INVESTMENT

The trade investment in Audemars Piguet S.A. is stated at cost and represents an 8.8% interest in the Company.

TIME PRODUCTS LIMITED
(formerly Time Products plc)

NOTES TO THE ACCOUNTS 31ST JANUARY 2002

10. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

| | |
|-----------------------|----------|
| COST | £000s |
| At 1st February 2001 | 37,400 |
| Repayment of capital | (17,500) |
| | <hr/> |
| At 31st January 2002 | 19,900 |
| | <hr/> |
| PROVISION | |
| At 1st February 2001 | 9,000 |
| Movement in provision | (2,500) |
| | <hr/> |
| At 31st January 2002 | 6,500 |
| | <hr/> |
| NET BOOK VALUE | |
| At 31st January 2002 | 13,400 |
| | <hr/> |
| At 31st January 2001 | 28,400 |
| | <hr/> |

The following are the principal subsidiary undertakings all of whom are wholly owned :

Subsidiary undertakings :

| | PLACE OF INCORPORATION/ OPERATION | NATURE OF BUSINESS |
|--------------------------------|---|---|
| Time Products (UK) Limited | <i>England and Wales</i> | Distribution and retailing of branded watches and associated products |
| Time Products, Inc. | <i>United States</i> | Holding company |
| Horbapex B V * | <i>Netherlands</i> | Distribution of branded watches and associated products |
| Robertsons (London) Limited | <i>England and Wales</i> | Jewellery retailing |
| Hirst (Oldham) Storage Limited | <i>England and Wales</i> | Property holding |

* Held by Apollo Watch Products plc (a subsidiary of Time Products Limited).

TIME PRODUCTS LIMITED
(formerly Time Products plc)

NOTES TO THE ACCOUNTS 31ST JANUARY 2002

11. DEBTORS

| | 2002 £000s | 2001 £000s |
|---|---------------|---------------|
| Amounts falling due within one year : | | |
| Amounts owed by parent company and fellow subsidiary undertakings | 59,873 | 48,480 |
| Other debtors | 1,038 | 975 |
| Prepayments and accrued income | 134 | 185 |
| | <u>61,045</u> | <u>49,640</u> |

The company provided financial assistance to its ultimate parent company, Almar plc, for the acquisition of its shares. The amount cannot be separately identified as it forms part of a balance due from Almar plc at the end of the financial year of £42,585,000.

12. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2002 £000s | 2001 £000s |
|--|---------------|---------------|
| Trade creditors | 86 | 271 |
| Amounts owed to fellow subsidiary undertakings | 9,024 | 49,319 |
| Corporation tax | 828 | 717 |
| Other taxes and social security | 132 | 138 |
| Other creditors | 1,114 | 1,437 |
| Accruals and deferred income | 12 | 60 |
| Proposed dividend | - | 2,307 |
| | <u>11,196</u> | <u>54,249</u> |

Other creditors includes a provision of £758,000, being the excess of the accumulated pension cost over the amount paid.

13. PROVISIONS FOR LIABILITIES AND CHARGES

| | £000s |
|----------------------|------------|
| At 1st February 2001 | 269 |
| Utilised in the year | (35) |
| | <u>234</u> |
| At 31st January 2002 | <u>234</u> |

Other provisions represent a provision for a former director of a subsidiary undertaking to receive an annual pension of US\$50,000. His wife, should she survive him, is entitled to an annual pension of US\$25,000.

TIME PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS 31ST JANUARY 2002

14. CALLED UP EQUITY SHARE CAPITAL

| | | 2002 | | 2001 |
|-----------------------------|---------------------|--------------|---------------------|--------------|
| | Number of shares | £000s | Number of shares | £000s |
| Authorised | | | | |
| Ordinary shares of 10p each | 62,160,408 | 6,216 | 66,000,000 | 6,600 |
| B shares of 9p each | 604,754 | 54 | - | - |
| C shares of 1p each | 32,953,134 | 330 | - | - |
| | <u>95,718,296</u> | <u>6,600</u> | <u>66,000,000</u> | <u>6,600</u> |
| Allotted and fully paid | | | | |
| Ordinary shares of 10p each | 38,367,967 | 3,837 | 41,952,306 | 4,195 |
| B shares of 9p each | 604,754 | 54 | - | - |
| C shares of 1p each | 32,953,134 | 330 | - | - |
| | <u>71,925,855</u> | <u>4,221</u> | <u>41,952,306</u> | <u>4,195</u> |

During the year 255,253 ordinary shares of 10p each were issued following the exercise of options for a total cash consideration of £201,000.

On 16th August 2001, 32,953,134 ordinary shares were split into 32,348,380

A ordinary shares of 9p each, 604,754 B shares of 9p each and 32,953,134 C shares of 1p each. The A ordinary shares were cancelled at 9p each and re-issued as 29,113,542 A ordinary shares of 10p each.

Both the ordinary and B shareholders are entitled to all the dividends declared or paid by the company. C shareholders have no entitlement to dividends.

Only the ordinary shares and B shares carry voting rights.

On a winding up C shareholders shall be entitled to receive the aggregate nominal amount paid up thereon after a sum has been paid of £10,000 per share on every other class of share in the capital of the company.

Ordinary and B shares shall rank pari passu in all respects.

TIME PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS 31ST JANUARY 2002

15. RESERVES

| | Share premium account £000s | Capital redemption reserve £000s | Profit and loss account £000s | Total £000s |
|---|--------------------------------------|---|-------------------------------------|----------------|
| At 1st February 2001 | 6,060 | 1,230 | 55,130 | 62,420 |
| Retained profit for the year | - | - | 2 | 2 |
| Issue of shares under share option schemes | 175 | - | - | 175 |
| At 31st January 2002 | <u>6,235</u> | <u>1,230</u> | <u>55,132</u> | <u>62,597</u> |

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2002 £ | 2001 £ |
|-------------------------------------|---------------|---------------|
| Profit for the financial year | 2 | 6,129 |
| New share capital subscribed | 201 | - |
| Shares repurchased | - | (5,617) |
| Net increase in shareholders' funds | <u>203</u> | <u>512</u> |
| Opening shareholders' funds | 66,615 | 66,103 |
| Closing shareholders' funds | <u>66,818</u> | <u>66,615</u> |

17. CONTINGENT LIABILITIES

The company has given an unlimited guarantee in respect of overdraft and other facilities advanced to its parent company and certain fellow subsidiary companies. The amount outstanding under these facilities at 31st January 2002 was £13,424,000 (2001 : £nil).

TIME PRODUCTS LIMITED
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NOTES TO THE ACCOUNTS 31ST JANUARY 2002

18. COMMITMENTS UNDER OPERATING LEASES

The company had annual commitments under operating leases for land and buildings at 31st January as follows :

| | 2002 | 2001 |
|--|------------|------------|
| | £000s | £000s |
| Operating leases which expire in over five years | <u>274</u> | <u>260</u> |

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption within Financial Reporting Standard 8 and has not disclosed transactions with other group entities.

20. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's ultimate parent company as at 31st January 2002 was Almar plc, a company registered in England and Wales. A copy of the Almar plc group accounts can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. The directors consider that the ultimate controlling party is M J Margulies because he is a director and majority shareholder of the ultimate holding company.