



BAINBRIDGE INTERNATIONAL LIMITED

**Financial Statements
31 December 1999**

BAINBRIDGE INTERNATIONAL LIMITED

Financial Statements for the period ended 31 December 1999

Contents	Page
Directors' Report	1-2
Auditors' Report	3
Profit and loss account	4
Balance Sheet	5
Notes to the financial statements	6-15

BAINBRIDGE INTERNATIONAL LIMITED

Directors, Officers and Advisers

Directors

J D Short
A Baldacchino
M Jordan

Secretary

M Jordan

Company Number

2354253

Auditors

Chantrey Vellacott DFK
Chartered Accountants
Russell Square House
10-12 Russell Square
London
WC1B 5LF

Registered Office

Russell Square House
10-12 Russell Square
London
WC1B 5LF

BAINBRIDGE INTERNATIONAL LIMITED

Directors' Report for the period ended 31 December 1999

The directors present their report, together with the audited financial statements of the company, for the 16 month period ended 31 December 1999.

Results and dividends

The results for the period are shown on page 4 of the financial statements.

The directors do not recommend a dividend for the period.

Principal activity and business review

The principal activity of the company is that of the manufacture and marketing of boat fittings and distributors of sailcloth.

The principal activities of the company's subsidiary undertaking is printing and publishing.

The financial statements cover a 16-month trading period, which due to the seasonality of the business contains two four-month trough periods. Direct comparison with past trading years or interpolation is therefore not valid. Trading in the period January 1999 to December 1999 was profitable, and the directors confidently expect this trend to continue.

Events since the year end

There have been no events since the year end which have had a material affect on the position of the company.

Share capital

On 15 April 1999, the authorised share capital of the company was increased to £1,000,000. On the same date £850,000 shares were issued for cash at par and the company became a wholly owned subsidiary of Bainbridge International Inc, of 255 Revere Street, Canton MA 02021, USA. The directors are satisfied that the company's financing arrangements are fully adequate to support its ongoing business.

Directors

The directors who served during the year were as follows:

J D Short
D J Meek (removed 18 January 2000)
A Baldacchino
M Jordan

J D Short had a beneficial interest in 20% of the equity share capital of the parent company via a family trust. No other director had any interest in the company's or the parent company's share capital during the period.

BAINBRIDGE INTERNATIONAL LIMITED

Directors' Report for the period ended 31 December 1999

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

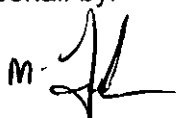
Auditors

A resolution to reappoint Chantrey Vellacott DFK as auditors of the company will be proposed at the forthcoming annual general meeting.

Approved by the Board of Directors on
and signed on their behalf by:

4.5.00

M JORDAN
Director

M. 

Chantrey Vellacott DFK

BAINBRIDGE INTERNATIONAL LIMITED

Auditors' Report to the Members of Bainbridge International Limited

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material 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 the company's affairs as at 31 December 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Chantrey Vellacott DFK

CHANTREY VELLACOTT DFK

Chartered Accountants
Registered Auditors
Russell Square House
10-12 Russell Square
London WC1B 5LF

4 May 2000

BAINBRIDGE INTERNATIONAL LIMITED

Profit and loss account for the period ended 31 December 1999

	Notes	1999 (16 months) £	1998 (12 months) £
Turnover	2	8,409,537	4,713,718
Cost of sales		<u>5,938,623</u>	<u>3,439,700</u>
Gross profit		2,470,914	1,274,018
Administrative expenses		<u>2,276,524</u>	<u>1,232,805</u>
		194,390	41,213
Reorganisation costs		-	7,158
Operating profit		194,390	34,055
Interest payable and similar charges	3	<u>(213,849)</u>	<u>(165,116)</u>
Loss on ordinary activities before taxation	4	(19,459)	(131,061)
Taxation	7	-	-
Loss for the financial period		(19,459)	(131,061)
Retained profit brought forward		<u>62,138</u>	<u>193,199</u>
Retained profit carried forward		42,679	62,138

None of the company's activities was acquired or discontinued during the above two financial periods.

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the results shown above and their historical cost equivalents.

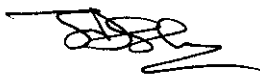
The notes on pages 7 to 15 form part of these financial statements.

BAINBRIDGE INTERNATIONAL LIMITED

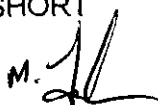
Balance sheet as at 31 December 1999

	Notes	31 December 1999 £	31 August 1998 £
Fixed assets			
Intangible assets	8	2,543	3,211
Tangible assets	9	222,034	275,315
Investments	10	1	1
		<u>224,578</u>	<u>278,527</u>
Current assets			
Stocks	11	1,791,057	1,058,843
Debtors	12	1,317,034	1,559,607
Cash at bank and in hand		11,166	11,997
		<u>3,119,257</u>	<u>2,630,447</u>
Creditors: amounts falling due within one year	13	<u>2,404,740</u>	<u>2,229,414</u>
Net current assets		<u>714,517</u>	<u>401,033</u>
Total assets less current liabilities		939,095	679,560
Creditors: amounts falling due after more than one year	14	<u>46,116</u>	<u>617,122</u>
		<u>892,979</u>	<u>62,438</u>
Capital and Reserves			
Called up share capital	15	850,300	300
Profit and loss account		42,679	62,138
Shareholders' funds	16	<u>892,979</u>	<u>62,438</u>

Approved by the Board of Directors on
and signed on its behalf by:



J D SHORT



M JORDAN

The notes on pages 7 to 15 form part of these financial statements.

BAINBRIDGE INTERNATIONAL LIMITED

Cash flow statement

For the period ended 31 December 1999

	Notes	1999 (16 months) £	1998 (12 months) £
Operating activities			
Net cash outflow inflow from operating activities	17(a)	(79,114)	(120,972)
Returns on investments and servicing of finance			
Interest paid		(213,849)	(165,116)
Net cash outflow from returns on investments and servicing of finance		(213,849)	(165,116)
		(292,963)	(286,088)
Taxation			
Corporation tax paid		-	-
		(292,963)	(286,088)
Capital expenditure			
Payments to acquire tangible fixed assets		(75,211)	(51,926)
Receipts from sale of tangible fixed assets		17,472	-
Net cash outflow from capital expenditure		(57,739)	(51,926)
Net cash flow before financing		(350,702)	(338,014)
Financing			
Changes in financing	17(d)	441,112	233,347
Increase (decrease) in cash	17(b) & 17(c)	90,410	(104,667)

The notes on pages 7 to 15 form part of these financial statements.

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements

For the period ended 31 December 1999

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost basis of accounting and are prepared in accordance with applicable accounting standards.

The financial statements present information of the company as an individual undertaking. The company is not required to prepare group financial statements as the group qualifies as medium-sized under Section 249 of the Companies Act 1985.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets, to write off the cost, less estimated residual value, of each asset over its expected useful life at the following rates:

Motor vehicles	: 25% of reducing balance
Plant and equipment	: 10% of straight line
Computer equipment	: 20% straight line
Office equipment	: 10% straight line
Computer development	: 25% straight line

Amortisation

Goodwill is amortised over 20 years from its original capitalisation by the predecessor business during the accounting year ended 31 December 1985, in order to write off the cost over the expected economic life.

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

Deferred taxation

Deferred taxation is provided under the liability method in respect of all material timing differences between the profits as computed for taxation purposes and the profits as stated in the financial statements, to the extent that it is probable that a liability or asset will crystallise. The rate of tax used is that which is expected to be applied when the liability or asset is expected to crystallise.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the year end. All other gains and losses on exchange are dealt with in the profit and loss account.

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the period ended 31 December 1999

1. Accounting policies

Hire purchase and lease transactions

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated. The outstanding liabilities under such agreements, less interest not yet due, are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding.

Rentals under operating leases are charged to profit and loss account as they fall due.

Pensions

The company provides a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions to the scheme are charged to the profit and loss account as they become payable. There were no outstanding contributions at the period end (1998 - nil).

2. Turnover

Turnover represents the amounts receivable for goods sold during the period, exclusive of VAT.

No analysis of turnover according to geographic market is disclosed because, in the opinion of the directors, disclosure would be seriously prejudicial to the interests of the company.

3. Interest payable and similar charges

	1999 £	1998 £
On bank loan, bank overdraft and other loans		
- repayable within 5 years	169,898	157,198
Intercompany interest	43,951	-
On obligations under finance leases	-	7,918
	<u>213,849</u>	<u>165,116</u>

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the period ended 31 December 1999

4.	Loss on ordinary activities before taxation	1999 £	1998 £
----	--	-------------------------	-------------------------

This is stated after charging:

Directors' emoluments (note 5)	133,092	91,310
Amortisation	668	501
Depreciation	107,573	70,399
Loss on sale of tangible assets	3,447	-
Auditors' remuneration	13,000	12,000

5.	Directors' emoluments	1999 £	1998 £
----	------------------------------	-------------------------	-------------------------

Directors' remuneration

Emoluments	128,145	87,921
Pension contributions	4,947	3,389
	133,092	91,310

Pension contributions were paid in respect of 2 directors (1998 : 2).

Parkwood Management Ltd, a company in which Mr. J.D. Short is and Mr D J Meek was a director, received fees amounting to £140,000 (1998 : £60,000) in respect of management consultancy services.

6.	Staff costs and employees	1999 £	1998 £
----	----------------------------------	-------------------------	-------------------------

Wages and salaries	926,135	588,919
Social security costs	80,512	52,619
Other pension costs	18,750	16,636
	1,025,397	658,174

The average weekly number of employees during the year was:

	Number	Number
Office and management	9	8
Manufacturing, sales and distribution	27	22
	36	30

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the period ended 31 December 1999

7. Taxation

No tax charge arises on the loss for the period or the prior year.

8. Intangible assets

Goodwill

Cost:

1 September 1998 and
31 December 1999

£

7,885

Amortisation:

1 September 1998
Charge for period

4,674
668

31 December 1999

5,342

Net book value:

31 August 1999

2,543

31 December 1998

3,211

9. Tangible fixed assets

	Motor vehicles £	Plant and equipment £	Computer equipment £	Office equipment £	Computer development £	Total £
Cost:						
1 September 1998	168,395	115,082	82,864	37,779	77,842	481,962
Additions	37,975	-	15,390	2,360	19,486	75,211
Disposals	(50,149)	-	(450)	-	-	(50,799)
31 December 1999	156,221	115,082	97,604	40,139	97,328	506,374
Depreciation:						
1 September 1998	70,747	51,506	37,800	8,551	38,043	206,647
Charge for period	35,510	15,344	23,133	4,044	29,542	107,573
Disposals	(29,880)	-	-	-	-	(29,880)
31 December 1999	76,377	66,850	60,933	12,595	67,585	284,340
Net book value:						
31 December 1999	79,844	48,232	36,671	27,544	29,743	222,034
31 August 1998	97,648	63,576	45,064	29,228	39,799	275,315

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the period ended 31 December 1999

9. Tangible fixed assets

Included within fixed assets are assets held under hire purchase contracts as follows:

	1999		1998	
	Plant and equipment £	Motor vehicles £	Plant and equipment £	Motor vehicles £
Net book value	25,511	61,425	28,861	81,458
Depreciation provided during the period	3,350	22,651	3,350	22,285
	<u>25,511</u>	<u>61,425</u>	<u>28,861</u>	<u>81,458</u>

10. Investments

	Shares in subsidiary undertaking £
Cost:	
1 September 1998 and 31 December 1999	<u>1</u>

At 31 December 1999 the company has the following subsidiary undertaking, which is incorporated in Great Britain and registered in England and Wales.

	Capital and reserves £	Profit for the financial year £	Group interest in ordinary shares £
Copymatch Limited	<u>32,127</u>	<u>738</u>	<u>100%</u>

Under the equity method of valuation the aggregate value of the investment in the subsidiary undertaking as at 31 December 1999 is £32,127 (31 December 1998 : £31,389).

The financial statements of Copymatch Limited are prepared to 31 December.

11. Stocks

	1999 £	1998 £
Finished goods	1,586,652	1,058,843
Work in progress	80,807	-
Raw materials	123,598	-
	<u>1,791,057</u>	<u>1,058,843</u>

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the period ended 31 December 1999

12.	Debtors	1999	1998
		£	£
	Trade debtors	778,893	759,975
	Amounts owed by related undertakings	305,495	684,883
	Amounts owed by group undertakings	76,003	-
	Other debtors	36,350	35,175
	Prepayments and accrued income	120,293	79,574
		<u>1,317,034</u>	<u>1,559,607</u>

13.	Creditors: amounts falling due within one year	1999	1998
		£	£
	Bank overdraft	12,056	103,297
	Bank loan	1,389,266	1,150,000
	Obligations under hire purchase contracts	24,778	39,426
	Trade creditors	706,730	752,198
	Amount owed to group undertakings	78,860	-
	Amount owed to related undertakings	-	62,500
	Other taxation and social security	40,434	31,830
	Accruals and deferred income	152,616	90,163
		<u>2,404,740</u>	<u>2,229,414</u>

The bank loan and overdraft are secured by a fixed and floating charge over the assets of the company.

14.	Creditors: amounts falling due after more than one year	1999	1998
		£	£
	Obligations under hire purchase contracts	13,441	21,947
	Amounts owed to related undertakings	-	562,500
	Amount owed to group undertakings	32,675	32,675
		<u>46,116</u>	<u>617,122</u>

The above creditors are payable:

Between one and two years	43,972	179,622
Between two and five years	2,144	437,500
	<u>46,116</u>	<u>617,122</u>

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the period ended 31 December 1999

15.	Called up share capital	1999	1998
		£	£
	Authorised:		
	1,000,000 (1998 : £1,000) ordinary shares of £1 each	1,000,000	1,000
		<u> </u>	<u> </u>
	Allotted, issued and fully paid:		
	1 September 1998 - 300 ordinary shares of £1 each	300	300
	Issued in period	850,000	-
		<u> </u>	<u> </u>
	31 December 1999 850,300 ordinary shares of £1 each	850,300	300
		<u> </u>	<u> </u>

On 15 April 1999, 850,000 £1 Ordinary shares were issued for cash at par in order to meet working capital requirements. The company's authorised share capital was increased to £1,000,000 on the same day and simultaneously the company became a wholly owned subsidiary of Bainbridge International Inc, a company incorporated in the USA.

16.	Reconciliation of movement in equity shareholders' funds	1999	1998
		£	£
	Loss for the year	(19,459)	(131,061)
	Issue of share capital	850,000	-
	Opening shareholders' funds	62,438	193,499
		<u> </u>	<u> </u>
	Closing shareholders' funds	892,979	62,438
		<u> </u>	<u> </u>

17.	a)	Reconciliation of operating profit/(loss) to net cash (outflow) inflow from operating activities	1999	1998
			£	£
		Operating profit	194,390	34,055
		Loss on disposal of tangible assets	3,447	-
		Amortisation	668	501
		Depreciation	107,573	70,399
		Increase in stocks	(732,214)	(178,680)
		Decrease (increase) in debtors	321,433	(574,697)
		(Decrease) increase in creditors	25,589	527,450
			<u> </u>	<u> </u>
			(79,114)	(120,972)
			<u> </u>	<u> </u>

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the period ended 31 December 1999

17.	b)	Analysis of net debt	1 September 1998 £	Cashflow £	Other non-cash changes £	31 December 1999 £
		Cash at bank and in hand	11,997	(831)		11,166
		Bank overdraft	(103,297)	91,241		(12,056)
			(91,300)	90,410		(890)
		Debt due within one year	(1,212,500)	(176,766)	-	(1,389,266)
		Debt due after one year	(562,500)	562,500	-	-
		Hire purchase obligations	(61,373)	23,154	-	(38,219)
			(1,927,673)	499,298	-	(1,428,375)
	c)	Reconciliation of net cash flow to movement in net debt		1999 £	1998 £	
		Increase (decrease) in cash		90,410	(104,667)	
		Cash inflow from new loans		(239,266)	(500,000)	
		Repayment of loans		625,000	207,717	
		Repayment of capital element of HP loans - in new loans		23,154	31,838	
		Movement in net debt		436,798	(365,112)	
		Net debt at 1 September 1998		(1,927,673)	(1,562,501)	
		Net debt at 31 December 1999		(1,428,375)	(1,927,673)	
	d)	Financing		1999 £	1998 £	
		Issue of share capital		850,000	-	
		New loans due within one year		239,266	500,000	
		Repayment of loans		(347,730)	(207,717)	
		Repayment of HP contracts		(23,154)	(58,936)	
				718,382	233,347	

BAINBRIDGE INTERNATIONAL LIMITED

Notes to the financial statements For the period ended 31 December 1999

18. Guarantees and other financial commitments

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1999	1998
	£	£
Contracts expiring:		
Within one year	-	-
Within two to five years	41,140	41,140
After five years	92,000	92,000
	<u>133,140</u>	<u>133,140</u>

19. Directors' interest in contracts

On 15 April 1999, the company became a wholly owned subsidiary of Bainbridge International Inc.

Prior to this date the company was related to the following group companies by virtue of the fact that Mr J D Short is and Mr D J Meek was a director of the companies and of Bainbridge International Limited.

Bainbridge International Inc	(incorporated in USA)
Bainbridge International Sarl	(incorporated in France)
Bainbridge International Pty	(incorporated in Australia)

The company traded with those related parties at arms length and in the ordinary course of business. The year end balances with them are shown in notes 12 to 14.

Mr J D Short is and Mr D J Meek was a director of Parkwood Management Ltd and hold 76% and nil% respectively of that company's share capital. Parkwood Management Ltd have recharged expenses at cost and management fees as shown in note 5. The amount due from Parkwood Management Limited at 31 December 1999 was £305,495 (1998 : £42,751) and is included in note 12.

20. Parent company

Until 15 April 1999 the directors regarded the ultimate parent company to be Meadowcrest Investments Limited, a company incorporated in the Irish Republic. On 15 April 1999 the company became a wholly owned subsidiary of Bainbridge International Inc. The directors regard Meadowcrest Finance Limited, a company incorporated in the British Virgin Islands, as the ultimate holding company.

21. Contingent liabilities

Lloyds Bank plc have given a £80,000 guarantee (1998 : £60,000) to H M Customs and Excise for a VAT deferment bond on behalf of the company.