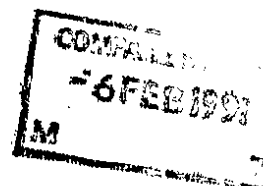


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REPORT AND ACCOUNTS

THE M I INVESTMENT MANAGEMENT COMPANY LIMITED

31 DECEMBER 1989



THE M.I. INVESTMENT MANAGEMENT COMPANY LIMITED  
DIRECTORS' REPORT

1

Directors: C.G. Burrows (Chairman)  
T.C. Deaves (Managing Director)  
T. Harvey  
M. Mutkin  
A.G. Roberts  
W.R. Treen  
B.P. Pursey  
R. Patterson  
T. Reineke (Appointed 2nd March 1990)

Secretary: G. Osborne

Registered Office: 91 Wimpole Street, London W1M 7DA

The directors have pleasure in submitting their report and the audited accounts of the company for the period 1 March to 31 December 1989.

#### CHANGE OF NAME

The name of the company was changed from Rapid 7683 Limited on 4th April 1989.

#### PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company was incorporated and commenced trading on 1 March 1989. The principal activity of the company is the management of investment funds. The level of business activity was commensurate with a new venture of this nature and will serve as a base for upon which to build in 1990.

#### RESULTS AND DIVIDENDS

The loss for the period amounts to £37,458 as set out in profit and loss account on page 5. The directors do not recommend the payment of a dividend.

#### SHARE CAPITAL

Details of share capital are set out in note 11 to the accounts.

THE M.I. INVESTMENT MANAGEMENT COMPANY LIMITED  
DIRECTORS' REPORT (continued)

DIRECTORS

The directors who held office during the period were:

	<u>Appointed</u>	<u>Resigned</u>
C.G. Burrows	13/03/89	
T.C. Deaves	13/03/89	
T. Harvey	13/03/89	
M. Mutkin	13/03/89	
A.G. Roberts	13/03/89	
W.R. Treen	13/03/89	
R. Patterson	15/05/89	
B.P. Pursey	13/11/89	
S.H. Davis	01/03/89	13/03/89

DIRECTORS' INTERESTS

Messrs M. Mutkin, A.G. Roberts, C.G. Burrows, T.C. Deaves, T. Harvey and W.R. Treen are directors of the ultimate holding company and their interests are disclosed in the accounts of that company. The other directors who held office at 31 December 1989 have no interest in the shares of group companies to be disclosed.

EMPLOYEE INVOLVEMENT

It is the company's policy to keep employees informed of matters of mutual interest; this objective is satisfied by regular meetings between managers and staff.

Information is imparted regularly to employees by both verbal and written means.

It is the company's policy to share its success with the employees by enabling them to participate in the group employees share option scheme.

THE M.I. INVESTMENT MANAGEMENT COMPANY LIMITED  
DIRECTORS' REPORT (continued)

EMPLOYMENT OF DISABLED PERSONS

The company's policy is that no employee or applicant for a job is discriminated against in relation to recruitment, training or career progression on the basis of disability.

HEALTH AND SAFETY AT WORK

The directors have considered the requirement of the Health and Safety at Work Act 1974 and are satisfied that the company's procedures comply with the Act.

AUDITORS

A resolution to reappoint Ernst & Young as auditors of the company will be put to the members at the annual general meeting.

By order of the board



Secretary

13th June 1990

REPORT OF THE AUDITORS TO THE MEMBERS OF THE M.I. INVESTMENT  
MANAGEMENT COMPANY LIMITED

We have audited the accounts on pages 5 to 10 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1989 and of its loss and source and application of funds for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young.*

Chartered Accountants  
London

13th June 1990

THE M.I. INVESTMENT MANAGEMENT COMPANY LIMITED  
 PROFIT AND LOSS ACCOUNT  
 FOR THE PERIOD 1 MARCH 1989 TO 31 DECEMBER 1989

	NOTE	9 months to 31 December 1989 £
TURNOVER	3	28,300
Other operating charges		68,127
		-----
OPERATING LOSS		(39,827)
		-----
Interest receivable	7	2,369
		-----
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(37,458)
TAXATION		-
		-----
LOSS FOR THE FINANCIAL PERIOD		£(37,458)
		=====

THE M.I. INVESTMENT MANAGEMENT COMPANY LIMITED  
BALANCE SHEET AS AT 31 DECEMBER 1989

	NOTE	1989 £
CURRENT ASSETS		
Debtors	8	13,582
Cash at bank and in hand		95,000
		-----
		108,582
		-----
CREDITORS - amounts falling due within one year	9	51,040
		-----
NET CURRENT ASSETS		57,542
CREDITORS - amounts falling due after more than one year	10	75,000
		-----
TOTAL ASSETS LESS LIABILITIES		£(17,458)
		-----
CAPITAL AND RESERVES		
Called up share capital	11	20,000
Profit and loss account		(37,458)
		-----
		£(17,458)
		=====

M. Muxel  
A. R. L.

THE M.I. INVESTMENT MANAGEMENT COMPANY LIMITED  
 STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE PERIOD 1  
 MARCH 1989 TO 31 DECEMBER 1989

	1989 £
RESULTS OF OPERATIONS	
(Loss) on ordinary activities before taxation	(37,458)
FUNDS FROM EXTERNAL SOURCES	
Issue of shares	20,000
Loan received from holding company	75,000
	-----
	95,000
	-----
INCREASE IN WORKING CAPITAL	£57,542
	-----
Arising from movements in:	
Debtors	13,582
Creditors	(51,040)
	-----
	(37,458)
	-----
Movement in net funds	95,000
	-----
	£57,542
	=====

THE M.I. INVESTMENT MANAGEMENT COMPANY LIMITED  
NOTES ON THE ACCOUNTS - 31 DECEMBER 1989

1 FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared under the going concern concept because the parent company has agreed to provide continued financial support for the company to meet its liabilities as and when they fall due.

2 ACCOUNTING POLICIES

(a) Accounting convention

These accounts have been prepared under the historical cost convention.

(b) Deferred Tax

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise in the foreseeable future.

3 TURNOVER

Turnover comprises the fees earned by the company for the management of investment funds. In 1989 this income was wholly received from a fellow subsidiary.

4 PARTICULARS OF STAFF

All directors and staff are employed by a fellow subsidiary and their costs are recharged by way of management fee.

5 OTHER OPERATING CHARGES

Other operating charges are shown net of costs borne by other group companies.

THE M.I. INVESTMENT MANAGEMENT COMPANY LIMITED  
NOTES ON THE ACCOUNTS - 31 DECEMBER 1989

9

6 DIRECTORS EMOLUMENTS

	1989
	£
Emoluments, including pension contributions	41,337
	-----
The emoluments, excluding pension contributions, of directors of the company were as follows:	
Chairman	-
Highest paid director	41,337
	-----
	Number
Scale of other directors emoluments	
£0 - £5,000	7

7 INTEREST RECEIVABLE

	1989
	£
Bank interest	2,369
	-----

8 DEBTORS

	1989
	£
Prepayments and accrued income	4,510
Owed by group companies	9,072
	-----
	£13,582
	=====

9 CREDITORS - amounts falling due within one year

	1989
	£
Accruals and deferred income	22,383
Owed to group companies	28,657
	-----
	£51,040
	=====

10 CREDITORS - amounts falling due after more than one year

Subordinated loan	£75,000
	=====

The repayment of this loan from The M.I. Group Limited has been subordinated to the claims of all other creditors, and is repayable after three years from the date of application for repayment. The holding company has waived any entitlement to interest in the current year.

THE M.I. INVESTMENT MANAGEMENT COMPANY LIMITED  
NOTES ON THE ACCOUNTS - 31 DECEMBER 1989  
11 CALLED UP SHARE CAPITAL

10

	Authorised, allotted & fully paid 1989 £
Ordinary shares of £1 each	5,000
Cumulative redeemable preference shares of £1 each	15,000
	-----
	20,000
	-----

On 1 March 1989 the two £1 subscriber shares were fully paid up.

On 10th November 1989 the authorised share capital of the company was increased by the creation of 4000 £1 Ordinary Shares and 15000 £1 Cumulative Redeemable Preference Shares. On the same date the company issued 4998 £1 Ordinary Shares and 15000 £1 Cumulative Redeemable Preference Shares. The proceeds of these issues were applied in the finance of the Company's business.

The £1 Cumulative Redeemable Preference Shares carry a preferred dividend of .001p per share per annum and may be redeemed at the Company's option on giving 3 months' notice to the relevant shareholders.

12 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 1989.

13 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1989.

14 ULTIMATE HOLDING COMPANY

In the opinion of the directors, the ultimate holding company is the M.I. Group Limited, a company incorporated in England.

15 SECURED ASSETS

At 31st December 1989, the ultimate holding company, The M.I. Group Limited (MIG), has borrowings of £16.25 million which are secured by fixed and floating charges over the assets and/or the shares of all its subsidiaries.

Subsequent to 31 December 1989 MIG has taken borrowings of £8.2 million which is subject to the same security.