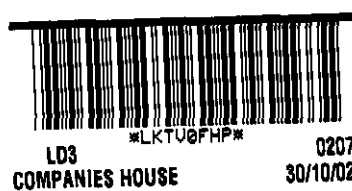


Register

Proportion (Holdings) Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2001



Proportion (Holdings) Limited

DIRECTORS AND OFFICERS

DIRECTORS

P Ferstendik
K Fox

SECRETARY

K Fox

REGISTERED OFFICE

3 Blackhorse Lane
London E17 6DS

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

SOLICITORS

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London EC1A 4DD

Proportion (Holdings) Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Proportion (Holdings) Limited for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a holding and management company.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

On 22 January 2001, 100% of the issued ordinary share capital of the company was acquired by Mandora Group Limited.

DIVIDENDS

The proposed dividend of £7 per share amounting to £725,340 at 31 December 2000 was not paid and this amount has been credited back to reserves.

DIRECTORS

The following directors have held office since 1 January 2001:

P Ferstendik	appointed 22 January 2001
K Fox	appointed 22 January 2001
DM Anderson	resigned 22 January 2001
SS Muller	resigned 22 January 2001
APJ Walker	resigned 22 January 2001
R Silver	resigned 22 January 2001

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

Directors' interests in the shares of the company, including family interests, were as follows:

	31.12.01	Ordinary shares of £0.10 each 31.12.00
DM Anderson	-	3,360
SM Muller	-	45,280
APJ Walker	-	5,760

The directors' interests in the holding company are disclosed in that company.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board

K Fox
Secretary

25 October 2002



Proportion (Holdings) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROPORTION (HOLDINGS) LIMITED

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report (if applicable, the Chairman's Statement, the Operating and Financial Review, specify any other). We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments 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 at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY



Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

25 October 2002

Proportion (Holdings) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	Notes	2001 £	2000 £
TURNOVER	1	-	300,000
Cost of sales		-	-
Gross profit		-	300,000
Other operating expenses (net)	2	(175,476)	(68,622)
OPERATING (LOSS)/PROFIT		(175,476)	231,378
Other income	3	-	336,772
Interest payable	4	(11,602)	(39,333)
Exceptional item	5	(200,000)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(387,078)	528,817
Taxation	7	27,466	(56,824)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(359,612)	471,993
Dividends	8	725,340	(725,340)
RETAINED PROFIT/(LOSS) FOR THE YEAR	17	365,728	(253,347)

The operating (loss)/profit for the year arises from the company's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Proportion (Holdings) Limited

BALANCE SHEET

31 December 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible fixed assets	9	273,803	1,051,106
Fixed asset investments	10	53,402	253,402
		<u>327,205</u>	<u>1,304,508</u>
CURRENT ASSETS			
Debtors	11	391,974	367,968
CREDITORS: Amounts falling due within one year	12	(17,718)	(842,640)
NET CURRENT LIABILITIES		<u>374,256</u>	<u>(474,672)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		701,461	829,836
CREDITORS: Amounts falling due after more than one year	13	(3,562)	(470,288)
PROVISIONS FOR LIABILITIES AND CHARGES	14	-	(27,377)
		<u>697,899</u>	<u>332,171</u>
CAPITAL AND RESERVES			
Called up share capital	15	10,362	10,362
Share premium account	16	81,479	81,479
Profit and loss account	17	606,058	240,330
SHAREHOLDERS' FUNDS	18	<u>697,899</u>	<u>332,171</u>

Approved by the board on 25 October 2002

K Fox

Director



Proportion (Holdings) Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

The company is exempt from the requirement to prepare group financial statements by virtue of section 248 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group.

DEPRECIATION

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant/showroom and office equipment	10 years
Motor vehicles	4 years
Production moulds	4 and 10 years
Computer equipment	4 years.

INVESTMENTS

Investments are included at cost less amounts written off.

LEASES

Assets held under finance leases or hire purchase agreements and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreement. The excess of the payments over the recorded obligations are treated as finance charges which are amortised over the term of each agreement to give a constant rate of charge on the remaining balance of the obligation.

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

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 Group's taxable profits and its results as stated in the financial statements.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which 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.

Proportion (Holdings) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2001

1 TURNOVER

The turnover was derived from the company's principle activity which was carried out wholly within the United Kingdom.

2 OTHER OPERATING EXPENSES (NET)

	2001 £	2000 £
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Administration expenses	175,476	68,622
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3 OTHER INCOME

	2001 £	2000 £
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Income from fixed asset investments Unlisted	-	336,772
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4 INTEREST PAYABLE

	2001 £	2000 £
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On bank loans and overdrafts	9,451	35,142
Finance leases	2,151	4,191

	11,602	39,333
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5 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £	2000 £
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(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

Depreciation and amounts written off tangible fixed assets:

Charge for the year

owned assets	50,609	50,612
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leased assets	19,880	19,360
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Profit on disposal of fixed assets	(11,730)	(1,350)
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Exceptional item:

Provision against cost of investment in subsidiary	200,000	-
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6 EMPLOYEES

No employees were employed by the company during the financial period, and directors received no remuneration

Proportion (Holdings) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001

7	TAXATION	2001 £	2000 £
	Current tax:		
	UK corporation tax on results of the period	-	29,447
	Adjustments in respect of previous periods	(89)	-
	Total current tax	<u>(89)</u>	<u>29,447</u>
	Deferred taxation:		
	Origination and reversal of timing differences	(27,377)	-
	Total deferred tax	<u>(27,377)</u>	<u>27,377</u>
	Tax on profit on ordinary activities	<u>(27,466)</u>	<u>56,824</u>
8	DIVIDENDS	2001 £	2000 £
	Dividend proposed in 2000 - £7 per share reversed in 2001	<u>(725,340)</u>	<u>725,340</u>

9 TANGIBLE FIXED ASSETS

	Land & buildings £	Plant & office equipment £	Motor vehicles £	Production Moulds £	Computer equipment £	Total £
Cost						
1 January 2001	677,233	311,358	131,606	106,630	60,380	1,287,207
Additions	-	29,100	-	42,480	9,482	81,062
Disposals	(677,233)	(109,512)	(25,998)	-	-	(812,743)
31 December 2001	<u>-</u>	<u>230,946</u>	<u>105,608</u>	<u>149,110</u>	<u>69,862</u>	<u>555,526</u>
Depreciation						
1 January 2001	-	91,719	40,774	52,021	51,587	236,101
Charged in the year	-	29,217	24,673	13,384	3,215	70,489
Disposals	-	(20,533)	(4,334)	-	-	(24,867)
31 December 2001	<u>-</u>	<u>100,403</u>	<u>61,113</u>	<u>65,405</u>	<u>54,802</u>	<u>281,723</u>
Net book value						
31 December 2001	<u>-</u>	<u>130,543</u>	<u>44,495</u>	<u>83,705</u>	<u>15,060</u>	<u>273,803</u>
31 December 2000	<u>677,233</u>	<u>219,639</u>	<u>90,832</u>	<u>54,609</u>	<u>8,793</u>	<u>1,051,106</u>

Assets held under finance leases originally cost £79,513 (2000: £105,511) and have a net book value of £37,412 (2000: £74,458).

Proportion (Holdings) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001

10	INVESTMENTS				2001 £	2000 £
	Investment in subsidiaries:					
	Cost					
	1 January 2001				253,402	253,402
	Less: provision				(200,000)	-
	31 December 2001				<u>53,402</u>	<u>-</u>
	Subsidiary undertakings held are as follows:					
	Name of company	Country of incor- poration	Holding	Proportion of voting rights and shares held	Nature of business	Aggregate capital and reserves £
	Proportion London Limited	England	100%	100%	Manufacture & distribution of display equipment	(£199,743)
	Proportion Display Limited	England	100%	100%	Dormant	£2
11	DEBTORS				2001 £	2000 £
	Due within one year:					
	Due from group undertakings				389,686	367,968
	Other debtors				2,288	-
					<u>391,974</u>	<u>367,968</u>
12	CREDITORS: Amounts falling due within one year				2001 £	2000 £
	Bank loans and overdrafts				-	63,756
	Obligations under hire purchase agreements				17,718	24,097
	Proposed dividends				-	725,340
	Corporation tax				-	29,447
					<u>17,718</u>	<u>842,640</u>
13	CREDITORS: Amounts falling due in more than one year				2001 £	2000 £
	Hire purchase within two to five years				3,562	33,598
	Bank loan within two to five years				-	234,384
	Bank loan after five years				-	202,306
					<u>3,562</u>	<u>470,288</u>
	Obligations under finance leases are secured on related assets.					

Proportion (Holdings) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001

14 PROVISION FOR LIABILITIES AND CHARGES

	Deferred taxation £
Balance at 1 January 2001	27,377
Transfer to profit and loss account	(27,377)
Balance at 31 December 2001	-

Provision for deferred tax has been made as follows:

	2001 £	2000 £
Excess of tax allowances over depreciation	-	27,377
Other timing differences	-	-
	-	27,377

15 SHARE CAPITAL

	2001 £	2000 £
Authorised:		
54,400 ordinary shares of £0.10 each	5,440	5,440
49,220 ordinary A shares of £0.10 each	4,922	4,922
	10,362	10,362
Allotted, issued and fully paid:		
54,400 ordinary shares of £0.10 each	5,440	5,440
49,220 ordinary A shares of £0.10 each	4,922	4,922
	10,362	10,362

16 SHARE PREMIUM ACCOUNT

	2001 £	2000 £
1 January 2001	81,479	81,479
31 December 2001	81,479	81,479

17 PROFIT AND LOSS ACCOUNT

	2001 £	2000 £
1 January 2001	240,330	493,677
Profit/(loss) for the financial year	365,728	(253,347)
31 December 2001	606,058	240,330

Proportion (Holdings) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2001

18	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2001 £	2000 £
	(Loss)/profit for the financial year	(359,612)	471,993
	Dividends	725,340	(725,340)
	Net addition/(reduction) to shareholders' funds	365,728	(253,347)
	Opening shareholders' funds	332,171	585,518
		<u>697,899</u>	<u>332,171</u>

19 ULTIMATE PARENT COMPANY

On 22 January 2001, 100% of the company's ordinary share capital was acquired by Mandora Group Limited, a company registered in England.

20 CONTINGENT LIABILITY

The Royal Bank of Scotland has a charge over the assets of the company in respect of outstanding loan notes provided to Mandora Group Limited for £370,000 in connection with the purchase of Proportion (Holdings) Limited and Proportion London Limited by Mandora Group Limited on 22 January 2001.