

POSTHOLD LIMITED
FINANCIAL STATEMENTS
FOR
30 JUNE 2001

Company Registration Number 2833065



SHAH DODHIA & CO
Chartered Accountants & Registered Auditors
First Floor
22 Stephenson Way
Euston
London
NW1 2LE

POSTHOLD LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2001

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POSTHOLD LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2001

The directors present their report and the financial statements of the group for the year ended 30 June 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group is property trading and investment.

RESULTS AND DIVIDENDS

The trading results for the year, and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.01 each	
	At	At
	30 June 2001	1 July 2000
Mr J W Boulton	393,244	393,244
Yuills Limited	236,606	236,606
West Central Developments Limited	<u>370,150</u>	<u>370,150</u>

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 group at the end of the year and of the group's profit or loss for the year then ended.

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

select suitable accounting policies, as described on pages 9 to 10, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

POSTHOLD LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 JUNE 2001

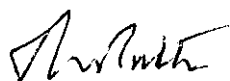
AUDITORS

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to re-appoint the auditors annually.

KPMG resigned as joint auditors and Shah Dodhia & Co, previously joint auditors, became sole auditors with effect from 26 July 2002.

Registered office:
126 Kew Road
Richmond
Surrey
TW9 2AU

Signed on behalf of the directors



J W Boulton
Director

Approved by the directors on⁹October 2002

POSTHOLD LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 30 JUNE 2001

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 1, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 group'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 and of the group as at 30 June 2001 and of the profit of the group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



First Floor
22 Stephenson Way
Euston
London, NW1 2LE

SHAH DODHIA & CO
Chartered Accountants
& Registered Auditors

.11..October 2002

POSTHOLD LIMITED
GROUP PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2001

	Note	2001 £	2000 £
GROUP NET PROFIT FROM PROPERTIES	2	2,312,655	1,899,259
Cost of sales		<u>14,401</u>	<u>—</u>
GROSS PROFIT		2,298,254	1,899,259
Administrative expenses		<u>219,092</u>	<u>44,350</u>
OPERATING PROFIT	3	2,079,162	1,854,909
Profit on disposal of fixed assets	5	<u>138,385</u>	<u>11,813</u>
		2,217,547	1,866,722
Interest receivable	6	<u>53,426</u>	<u>85,582</u>
Interest payable and similar charges		<u>(1,039,677)</u>	<u>(912,941)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,231,296	1,039,363
Tax on profit on ordinary activities	8	<u>350,381</u>	<u>—</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	9	<u>880,915</u>	<u>1,039,363</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Group Profit and Loss Account.

POSTHOLD LIMITED
GROUP BALANCE SHEET

30 JUNE 2001

	Note	2001 £	£	2000 £	£
FIXED ASSETS					
Investments	10		934,688		242,784
CURRENT ASSETS					
Stocks	11	—		4,248,139	
Debtors	12	321,885		154,156	
Cash at bank		1,006,859		356,370	
		<u>1,328,744</u>		<u>4,758,665</u>	
CREDITORS: Amounts falling due within one year	13	<u>2,853,329</u>		<u>7,533,786</u>	
NET CURRENT LIABILITIES			<u>(1,524,585)</u>		<u>(2,775,121)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(589,897)</u>		<u>(2,532,337)</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Other Provisions	14		665,000		—
			<u>(1,254,897)</u>		<u>(2,532,337)</u>
CAPITAL AND RESERVES					
Called-up equity share capital	17		10,000		10,000
Revaluation reserve	18		396,525		—
Group Profit and Loss Account	18		<u>(1,661,422)</u>		<u>(2,542,337)</u>
DEFICIENCY	19		<u>(1,254,897)</u>		<u>(2,532,337)</u>

These financial statements were approved by the directors on the 9.....October 2002 and are signed on their behalf by:



MR J W BOULTON

POSTHOLD LIMITED

BALANCE SHEET

30 JUNE 2001

	Note	2001 £	2000 £
Investments	10	2	2
CURRENT ASSETS			
Debtors	12	6,281,661	8,365,620
CREDITORS: Amounts falling due within one year	13	<u>7,902,298</u>	<u>9,569,341</u>
NET CURRENT LIABILITIES		<u>(1,620,637)</u>	<u>(1,203,721)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,620,635)</u>	<u>(1,203,719)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	17	10,000	10,000
Profit and Loss Account	18	<u>(1,630,635)</u>	<u>(1,213,719)</u>
DEFICIENCY		<u>(1,620,635)</u>	<u>(1,203,719)</u>

These financial statements were approved by the directors on ⁹... October 2002 and are signed on their behalf by:



.....
MR J W BOULTON

POSTHOLD LIMITED
GROUP CASH FLOW
YEAR ENDED 30 JUNE 2001

	2001		2000
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	7,020,706		237,304
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	53,426		85,582
Interest paid	<u>(1,039,677)</u>		<u>(912,941)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(986,251)		(827,359)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Receipts from sale of fixed assets	198,775		11,813
Acquisition of Investments	<u>—</u>		<u>(182,394)</u>
NET CASH INFLOW/(OUTFLOW)FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	198,775		(170,581)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING	6,233,230		(760,636)
FINANCING			
Repayment of bank loans	<u>(6,300,000)</u>		<u>—</u>
NET CASH OUTFLOW FROM FINANCING	(6,300,000)		—
DECREASE IN CASH	<u>(66,770)</u>		<u>(760,636)</u>

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001	2000
	£	£
Operating profit	2,079,162	1,854,909
Decrease/(Increase) in stocks	4,248,139	(1,706,186)
(increase)/Decrease in debtors	(167,729)	24,598
(Decrease)/Increase in creditors	551,903	63,983
Increase in provisions	665,000	—
Appropriation of stock to investments	(355,769)	—
Net cash inflow from operating activities	<u>7,020,706</u>	<u>237,304</u>

POSTHOLD LIMITED
GROUP CASH FLOW *(continued)*
YEAR ENDED 30 JUNE 2001

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001		2000
	£	£	£
Decrease in cash in the period	(66,770)		(760,636)
Net cash outflow from bank loans	<u>6,300,000</u>		<u>—</u>
	6,233,230		(760,636)
Change in net debt	6,233,230		(760,636)
Net debt at 1 July 2000	(6,815,596)		(6,054,960)
Net debt at 30 June 2001	<u>(582,366)</u>		<u>(6,815,596)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jul 2000	Cash flows	At 30 Jun 2001
	£	£	£
Net cash:			
Cash in hand and at bank	356,370	650,489	1,006,859
Overdrafts	—	(717,259)	(717,259)
	<u>356,370</u>	<u>(66,770)</u>	<u>289,600</u>
Debt:			
Debt due within 1 year	(7,171,966)	6,300,000	(871,966)
Net debt	<u>(6,815,596)</u>	<u>6,233,230</u>	<u>(582,366)</u>

POSTHOLD LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30 JUNE 2001****1. ACCOUNTING POLICIES****Basis of accounting**

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

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over its useful economical life from the year of acquisition. The results of the companies acquired or disposed of are included in the profit and loss account after or up to the date control passes respectively.

The company is exempt from preparing a profit and loss account in accordance with Section 230(4) of the Companies Act 1985.

In the company's own balance sheet, investments in subsidiary and associated undertakings are included at cost.

Rental income

Rental income comprises rent receivable, credit for which is taken on an accruals basis and additionally, in respect of Plustrade Limited, service charge income, credit for which is taken on a cash paid basis.

Investment properties

In accordance with Statement of Accounting Practice No.19 - Accounting for investment properties:

i. investment properties are revalued periodically at open market values. Surpluses and deficits arising and the aggregate surplus or deficit is transferred to the revaluation reserve except that any permanent diminution in the value of an investment property is taken to the profit and loss account for the year.

ii. no depreciation or amortisation is provided in respect of freehold investment properties.

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

POSTHOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2001

1. ACCOUNTING POLICIES...cont'd**Trading stocks**

Property held as trading stock is valued at the lower cost or net realisable value, as estimated by the directors of the company. Profits or losses on the realisation of property are taken upon legal completion of the sale.

2. NET PROFIT FROM PROPERTIES

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Rental Income	19,846	92,023	—	—
Property Outgoings	(1,007,600)	(828,835)	—	—
Profit on property trading	3,300,409	2,636,071	—	—
	<u>2,312,655</u>	<u>1,899,259</u>	<u>—</u>	<u>—</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2001	2000
	£	£
Auditors' remuneration		
- as auditors	<u>22,231</u>	<u>26,906</u>

4. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year.

5. PROFIT ON DISPOSAL OF FIXED ASSETS

	2001	2000
	£	£
Profit on disposal of fixed assets	<u>138,385</u>	<u>11,813</u>

6. INTEREST RECEIVABLE

	2001	2000
	£	£
Bank interest receivable	<u>53,426</u>	<u>85,582</u>
	<u>53,426</u>	<u>85,582</u>

POSTHOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2001

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Interest payable on bank borrowing	463,938	712,941
Other similar charges payable	575,739	200,000
	<u>1,039,677</u>	<u>912,941</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES**Taxation**

	2001 £	2000 £
Current tax:		
UK Corporation tax based on taxable profits for the year at 30% (2000 - nil)	350,381	—
Total current tax	<u>350,381</u>	—
Tax on profit on ordinary activities	<u>350,381</u>	<u>—</u>

9. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £416,916 (2000 - £665,383).

10. INVESTMENTS

Group	Total £
COST:	
At 1 July 2000	242,784
Appropriation from trading stock	355,769
Revaluation	396,525
Disposals	(60,390)
At 30 June 2001	<u>934,688</u>
NET BOOK VALUE:	
At 30 June 2001	<u>934,688</u>
At 30 June 2000	<u>242,784</u>

The investment properties are stated at directors' valuation.

POSTHOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2001

10. INVESTMENTS ..cont'd**Company**

	Total £
COST	
At 1 July 2000 and 30 June 2001	<u>2</u>
NET BOOK VALUE	
At 30 June 2001	<u>2</u>
At 30 June 2000	<u>2</u>

Investments in group undertakings comprise 100 % interest in the called up share capital of the following companies registered in England and Wales.

Company	Principal Activity	Shares
Stafftrade Limited	Property Investment	£1
Plustrade Limited	Property Trading	£1

11. STOCKS

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Stock	<u>—</u>	<u>4,248,139</u>	<u>—</u>	<u>—</u>

Trading stock comprises of residential properties valued at cost including refurbishment costs.

12. DEBTORS

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Trade debtors	281,473	79,154	—	—
Amounts owed by group undertakings	—	—	6,281,661	8,365,620
Other debtors	40,412	75,002	—	—
	<u>321,885</u>	<u>154,156</u>	<u>6,281,661</u>	<u>8,365,620</u>

POSTHOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2001

13. CREDITORS: Amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loans and overdrafts	1,589,225	7,171,966	1,371,966	7,171,966
Amounts owed to group undertakings	—	—	6,031,436	2,162,611
Other creditors	400,228	12,074	2	2
Accruals and deferred income	513,495	349,746	498,894	234,762
Corporation Tax	350,381	—	—	—
	<u>2,853,329</u>	<u>7,533,786</u>	<u>7,902,298</u>	<u>9,569,341</u>

The bank loans are secured over the group's assets. Interest on the loans is payable at Libor plus 4%.

14. OTHER PROVISIONS

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
In respect of settlement of disputes and legal costs associated therewith.	<u>665,000</u>	—	—	—

The information required by FRS 12, 'Provisions and contingent liabilities' is not disclosed on the grounds that disclosure of such information would seriously prejudice the position of the group companies with other parties. The amounts are anticipated to be expended in the next three years.

15. CONTINGENT LIABILITIES

The group had no contingent liabilities at the year end (2000 - £1,240,000).

16. RELATED PARTY TRANSACTIONS

The directors have been advised that the The Hongkong and Shanghai Banking Corporation Ltd, Canto Consulting, and Bank of Ireland are related parties of the company within the meaning of FRS8, by virtue of arrangements surrounding the shareholding structure of Posthold Ltd. At 30 June 2001, these institutions had advanced all the bank loans.

POSTHOLD LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2001

17. SHARE CAPITAL**Authorised share capital:**

	2001 £	2000 £
1,000,000 Ordinary shares of £0.01 each	<u>10,000</u>	<u>10,000</u>

	2001 £	2000 £
Ordinary share capital	<u>10,000</u>	<u>10,000</u>

18. RESERVES**Group**

	Revaluation reserve £	Profit and loss account £
Balance brought forward	—	(2,542,337)
Retained profit for the year	—	880,915
Other movements		
Other	396,525	—
Balance carried forward	<u>396,525</u>	<u>(1,661,422)</u>

Company

	Profit and loss account £
Balance brought forward	(1,213,719)
Loss for the year	(416,916)
Balance carried forward	<u>(1,630,635)</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year	880,915	1,039,363
Revaluation reserves	396,525	—
Net addition to funds	1,277,440	1,039,363
Opening shareholders' equity deficit	(2,532,337)	(3,571,700)
Closing shareholders' equity deficit	<u>(1,254,897)</u>	<u>(2,532,337)</u>