

Christy Holdings Limited

Registered No. 3145601

DIRECTORS

M E Pinto
G Panons
M Billing (Resigned 23 May 1997)
W Thompson
T Darbyshire (Appointed 3 March 1997, Resigned 8 May 1998)
M S Lawson
F Bretherton

SECRETARY

Old Buildings Nominees Limited

AUDITORS

Ernst & Young
100 Barbirolli Square
Manchester M2 3EY

BANKERS

Barclays Bank PLC
Strand Business Centre
Burleigh House
357 Strand
London WC2R 0NX

SOLICITORS

Laytons Solicitors
Carmelite
50 Victoria Embankment
Blackfriars
London EC4Y 0LS

REGISTERED OFFICE

1-11 Hay Hill
London W1X 7LF

ERNST & YOUNG



Christy Holdings Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1997.

RESULTS AND DIVIDENDS

The loss for the year was £64,800.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

During the year the company disposed of its investments in Christy & Co Limited, and C W Headdress Limited.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are noted on page 2.

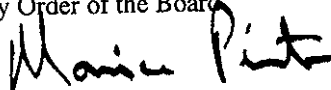
The following directors held or controlled shares in the company at the year end.

| | <i>10p Ordinary shares</i> | <i>10p Preferred shares</i> | <i>10p Founder shares</i> |
|--------------|--------------------------------|---------------------------------|-------------------------------|
| G Panons | - | - | 15,000 |
| M E Pinto | 4,800 | 45,333 | - |
| F Bretherton | - | 5,333 | - |
| M S Lawson | - | 8,000 | - |

AUDITORS

In accordance with the changes instituted by the Companies Act 1989 the company has dispensed with the obligation to appoint auditors annually.

By Order of the Board



M E Pinto
Director

Date:

21/7/98

Christy Holdings Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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 accounts 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.

REPORT OF THE AUDITORS

to the members of Christy Holdings Limited

We have audited the accounts on pages 6 to 9 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

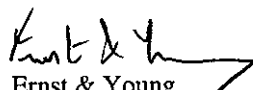
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor
Manchester

Date: 22/7/98

Christy Holdings Limited

PROFIT AND LOSS ACCOUNT for the year 31 December 1997

| | 1997 £ | 1996 £ |
|--|-------------|-------------|
| TURNOVER | - | - |
| Cost of sales | - | - |
| | <hr/> | <hr/> |
| GROSS PROFIT | | |
| Administrative expenses | - | - |
| Diminution in value of investment | - | (192,000) |
| Cancellation of unpaid share capital | (64,800) | - |
| | <hr/> | <hr/> |
| OPERATING LOSS | (64,800) | (192,000) |
| | <hr/> | <hr/> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | |
| Tax on loss on ordinary activities | - | - |
| | <hr/> | <hr/> |
| LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND TRANSFER FROM RESERVES | (64,800) | (192,000) |
| | <hr/> <hr/> | <hr/> <hr/> |

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the above retained loss for the year.

Christy Holdings Limited

NOTES TO THE ACCOUNTS
at 31 December 1997

BALANCE SHEET 1997

| | Notes | 1997 £ | 1996 £ |
|--|-------|-----------|-----------|
| FIXED ASSETS | | | |
| Investments | 2 | - | 608,717 |
| | | - | 608,717 |
| CURRENT ASSETS | | | |
| Debtors | 3 | - | 1,964,083 |
| | | - | 1,964,083 |
| NET CURRENT ASSETS | | | |
| | | - | 2,572,800 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | - | 2,508,000 |
| CREDITORS: amounts falling due after more than one year | | | |
| | | - | 64,800 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 5 | 30,000 | 30,000 |
| Share premium account | | 226,800 | 226,800 |
| Profit and loss account | | (256,800) | (192,000) |
| | | - | 64,800 |

Approved by the Board on

21 July 1998

M E Pinto
Director

M E Pinto

Christy Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1997

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Group accounts

The Financial statements present information about the company as an individual undertaking and not about its group. The company has taken advantage of the exemption conferred by S248 of the Company's Act 1985 not to prepare group accounts.

2. INVESTMENTS

| | 1997 £ |
|---------------------------|-----------|
| Value at 1 January 1997 | 608,717 |
| Disposals | (608,717) |
| | <hr/> |
| Value at 31 December 1997 | - |
| | <hr/> |

During the year the company disposed of its entire holding in the share capital of Christy & Co Limited and CW Headdress Limited.

3. DEBTORS

| | 1997 £ | 1996 £ |
|---------------------------------------|-----------|-----------|
| Amounts due on unpaid share capital | - | 64,800 |
| Amounts due from subsidiary companies | - | 1,899,283 |
| | <hr/> | <hr/> |
| | - | 1,964,083 |
| | <hr/> | <hr/> |

4. CREDITORS: amounts falling due after more than one year

| | 1997 £ | 1996 £ |
|-----------------|-----------|-----------|
| Debenture loans | - | 2,508,000 |
| | <hr/> | <hr/> |

5. SHARE CAPITAL

| | 1997 No | Authorised 1996 No | 1997 £ | Allotted, called up and fully paid 1996 £ |
|-------------------------------|------------|--------------------------|-----------|---|
| <i>Ordinary share capital</i> | | | | |
| Preferred shares of 10p each | 192,000 | 192,000 | 19,200 | 19,200 |
| Founder shares of 10p each | 60,000 | 60,000 | 6,000 | 6,000 |
| Ordinary shares of 10p each | 48,000 | 48,000 | 4,800 | 4,800 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 300,000 | 300,000 | 30,000 | 30,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Christy Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1997

5. SHARE CAPITAL (Continued)

Rights of Shareholders

Preferred Shares:

The preferred shares are entitled to receive dividend payments in priority to other shares until such time as "Preferred Investment Receipts" equal to "Preferred Investment Costs." Preferred Investment Receipts is the aggregate of :

- a) Preferred Share Receipts
- b) all sums paid to holders of Loan Stock at redemption and;
- c) all payments of interest to holders of Loan Stock.

Preferred Investment Costs is the aggregate of:

- a) principal sums subscribed for Loan Stock
- b) interest accrued from time to time on unredeemed Loan Stock and;
- c) the Preferred Share cost.

Preferred shares rank in priority to all ordinary shares, in the event of a capital distribution, up to the amount by which Preferred Investment Cost exceeds the Preferred Investment Receipts.

Founders Shares:

The Founders shares are entitled to receive dividend payments *pari passu* with the preferred shares in priority to the ordinary shares at such time as the Preferred Investment Receipts equals the Preferred Investment Costs (see above).

Founders shares rank in priority to ordinary shares in the event of a capital distribution, by the amount by which the Founder Share Costs exceed the Founder Share Receipts.

Ordinary Shares:

The ordinary shares are entitled to receive dividends *pari passu* with all other shares at such time as the Preferred Investment Receipt equals the Preferred Investment Costs.

6. RECONCILIATION OF SHAREHOLDERS' FUNDS

| | <i>Profit and Loss account</i> £ | <i>Share Capital</i> £ | <i>Share Premium</i> £ | <i>Total</i> £ |
|------------------------|---|-------------------------------|-------------------------------|-------------------|
| As at 1 January 1997 | (192,000) | 30,000 | 226,800 | 64,800 |
| Loss in the year | (64,800) | - | - | (64,800) |
| As at 31 December 1997 | (256,800) | 30,000 | 226,800 | - |