

Financial Dynamics Holdings Limited

Directors' report and financial statements

Year ended 31 December 2004

Registered number 3345319



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The company's activity continues to be that of a holding company.

Business review

The results for the year are given in the profit and loss account on page 4. The retained loss for the year amounted to £54 (2003: profit of £244,994), which has been transferred to reserves. The directors do not propose the payment of a final dividend (2003: £nil), although in July 2003 an interim dividend of £449,000 (£0.42 per ordinary share) was paid.

Directors and directors' interests

The directors who held office during the year and subsequently were as follows:

D Mulvihill	(resigned 8 March 2004)
S Jawa	(appointed 16 June 2004)
C Watson	

No directors had any interests in the shares of the Company.

The directors' interests in the shares and debentures of other group companies are disclosed in the financial statements of the ultimate parent company, FD international (Holdings) Limited.

Political and charitable contributions

The company made no political or charitable contributions during the year (2003: £nil).

Auditors

Pursuant to Section 386 of the Companies Act 1985, the company is not required to re-appoint its auditors annually. Therefore, KPMG LLP will continue as auditors of the Company until further notice.

By order of the board


Sanjay Jawa
Secretary

Holborn Gate
26 Southampton Buildings
London
WC2A 1PB

25 May 2005

Statement of 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 for that period. In preparing those financial statements, 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 financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Financial Dynamics Holdings Limited

We have audited the financial statements on pages 4 to 9.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

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 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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

Chartered Accountants
Registered Auditor

25 May 2005

Profit and loss account

for the year ended 31 December 2004

	<i>Notes</i>	2004 £	2003 £
Income from shares in subsidiary undertakings		-	694,000
Interest payable and similar charges	5	<u>(54)</u>	<u>(6)</u>
(Loss)/profit on ordinary activities before taxation	2	(54)	693,994
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit on ordinary activities after taxation		(54)	693,994
Dividends paid		<u>-</u>	<u>(449,000)</u>
Retained (loss)/profit for the year	10	<u>(54)</u>	<u>244,994</u>

All of the above results are from continuing activities.

There is no difference between the above result and that calculated on a historical cost basis.

There are no other recognised gains and losses.

The notes on pages 6 to 9 form an integral part of these financial statements.

Balance sheet
at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Investments	7	<u>6,829,591</u>	<u>6,829,591</u>
Current assets			
Cash at bank and in hand		1,161	251,215
Creditors: amounts falling due within one year	8	<u>(3,831,329)</u>	<u>(4,081,329)</u>
Net current liabilities		<u>(3,830,168)</u>	<u>(3,830,114)</u>
Net assets		<u><u>2,999,423</u></u>	<u><u>2,999,477</u></u>
Capital and reserves			
Called up share capital	9	1,066,667	1,066,667
Share premium account	10	1,933,333	1,933,333
Profit and loss account	10	(577)	(523)
Shareholders' funds - equity	11	<u><u>2,999,423</u></u>	<u><u>2,999,477</u></u>

These financial statements were approved by the board of directors on 25 MAY 2005 and were signed
 on its behalf by: CHARLES WATSON

(NAME)

Director



The notes on pages 6 to 9 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and with the Companies Act 1985 and under the historical cost convention. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Under Financial Reporting Standard 1 (Revised): Cash Flow Statement, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

The company is exempt, under the provisions of section 228 of the Companies Act 1985, from the requirement to prepare group accounts. Consequently these financial statements present information about the company as an individual entity and not about its group.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £3,830,168 which the directors believe to be appropriate for the following reasons.

The company is dependent for its working capital on funds provided to it by FD International (Holdings) Limited, the company's ultimate parent undertaking.

FD International (Holdings) Limited has indicated to the company that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Furthermore, as with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Fixed asset investments

Fixed asset investments are stated at cost less provisions for permanent diminution in value, if applicable.

Notes *(continued)*

1 Accounting policies - (continued)

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 (Loss)/profit on ordinary activities before taxation

The company did not have any employees during the year and none of the directors received emoluments for their services to the company. Audit fees for the financial year are borne by another group company.

3 Staff costs

Other than the directors, the company had no employees during the year.

4 Directors' remuneration

The emoluments of the directors were paid and borne by other group companies.

In the opinion of the group management it is not possible to allocate part of these costs to the company.

5 Interest payable and similar charges

	2004 £	2003 £
Bank charges	54	6
	<hr/>	<hr/>

Notes (continued)

6 Tax on (loss)/profit on ordinary activities

	2004 £	2003 £
UK corporation tax at 30% (2003: 30%)	-	-
Total current tax	-	-
Deferred tax	-	-
Tax on (loss)/profit on ordinary activities	-	-
Reconciliation of the company's current tax to the United Kingdom statutory rate:	2004 £	2003 £
Tax on (loss)/profit at 30% (2003: 30%)	(16)	208,198
Effects of:		
Permanent differences between income and expenditure changed in arriving at the profit allowed for tax purposes	-	208,200
Losses carried forward	16	
Profits group relieved	-	(2)
Total current tax	-	-

7 Investments

	2004 £	2003 £
<i>Shares in group undertakings (unlisted)</i>		
Cost and net book value	6,829,591	6,829,591

The investment represents 100% of the issued ordinary and preference share capital of Financial Dynamics Limited, a financial public relations company incorporated in England and Wales.

8 Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts owed to group undertakings	3,831,329	4,081,329

Notes (continued)

9 Called up share capital

	2004 £	2003 £
<i>Authorised</i>		
Equity:		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
<i>Allotted, called up and fully paid</i>		
Equity:		
1,066,667 ordinary shares of £1 each	1,066,667	1,066,667

10 Share premium and reserves

	Share premium account £	Profit and loss account £	Total £
At 1 January 2004	1,933,333	(523)	1,932,810
Retained loss for the year	-	(54)	(54)
At 31 December 2004	1,933,333	(577)	1,932,756

11 Reconciliation of movement in shareholders' funds

	2004 £	2003 £
Retained (loss)/profit for the year	(54)	244,994
Shareholders' funds at the beginning of the year	2,999,477	2,754,483
Shareholders' funds at the end of the year	2,999,423	2,999,477

12 Related party disclosures

The company has taken advantage of the exemption under Financial Reporting Standard 8 – Related Party Disclosures (FRS 8) not to disclose related party transactions between wholly owned group undertakings.

13 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a wholly owned subsidiary of FD International 4 Limited, a company incorporated in England and Wales.

The largest group in which the results of the company are consolidated and its ultimate parent company is headed by FD International (Holdings) Limited, a company incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from the Secretary, Holborn Gate, 26 Southampton Buildings, WC2A 1PB.