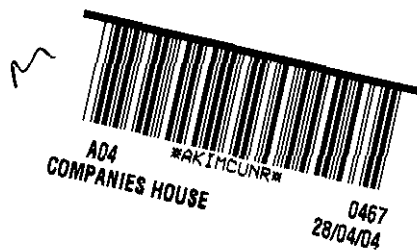


PNI Holdings Limited

Registered Number: 3897811

Directors' Report and Accounts

Year ended 30 June 2003



The directors submit their report and the audited financial statements of the company for the year ended 30 June 2003.

Principal activity and review of business

As a holding company, PNI Holdings Limited incurred administrative costs and interest but had no trading activity in the year.

The directors do not recommend the payment of a dividend (2002: £nil).

Directors

The directors of the company who held office during the year are:

G Lennox	(resigned 7 November 2002)
R Fielding	(resigned 7 November 2002)
G Stevens	(appointed 30 August 2002)
M Davy	(appointed 30 October 2002, resigned 29 January 2003)
J Rowley	(appointed 29 January 2003)

No director had any beneficial interest in the share capital of the company at 30 June 2003 or 30 June 2002.

The interests of the directors in the shares of Protocol Associates NV, the company's parent company, are disclosed in the financial statements of Protocol Associates NV.

Holding company support

Protocol Associates NV, the Protocol group holding company, have agreed to support the company for the foreseeable future.

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 of the company for that year. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, that reasonable and prudent judgements have been made in preparing the financial statements for the period ended 30 June 2003 and that applicable accounting standards have been followed. They also confirm that it is appropriate to prepare the financial statements on a going concern basis, with the continued support of the group's bankers as outlined in Note 1 to these financial statements.

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 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.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 25 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



G Stevens

Director

22 December 2003

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body, in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the directors' report and accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

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.

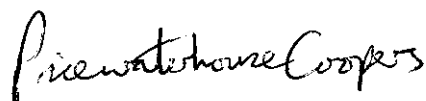
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation. The financial statements have been prepared on a going concern basis and the validity of this depends on the continued support of the group's bankers by providing adequate overdraft and loan facilities. The financial statements do not include any adjustments that would result from a failure to obtain such continued support. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands
22 December 2003

Profit and Loss Account For the Year Ended 30 June 2003*Page 4*

	<i>Note</i>	<i>2003</i> <i>£'000</i>	<i>2002</i> <i>£'000</i>
Administrative expenses		(60)	(549)
Exceptional costs	3	(120)	(1,427)
Total administrative expenses		(180)	(1,976)
Operating loss	3	(180)	(1,976)
Interest receivable and similar income	4	514	359
Interest payable and similar charges	5	(5,682)	(5,231)
Loss on ordinary activities before taxation		(5,348)	(6,848)
Taxation	6	(249)	1,107
Loss for the financial year	12, 13	(5,597)	(5,741)

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

There are no recognised gains or losses other than the loss for the year shown above. All operations are continuing operations.

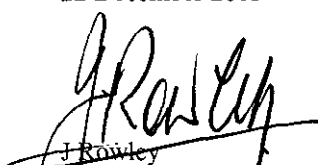
The notes on pages 6 to 12 form part of these financial statements.

Balance Sheet as at 30 June 2003

Page 5

	<i>Note</i>	2003 £'000	2002 £'000
Fixed assets			
Investments	7	11,468	11,468
Current assets			
Debtors	8	53,209	55,073
Cash at bank and in hand		4,165	7,160
		57,374	62,233
Creditors – Amounts falling due within one year	9	(18,013)	(15,617)
Net current assets		39,361	46,616
Total assets less current liabilities		50,829	58,084
Creditors - Amounts falling due after more than one year	10	(62,914)	(64,572)
Net liabilities		(12,085)	(6,488)
Capital and reserves			
Called up share capital	11	1,029	1,029
Share premium account	12	114	114
Profit and loss account	12	(13,228)	(7,631)
Equity shareholders' funds	13	(12,085)	(6,488)

Approved by the Board
22 December 2003


J Rowley
Director

The notes on pages 6 to 12 form part of these financial statements.

1 Accounting Policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the financial statements.

Accounting convention and cash flow statement

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards all of which have been applied consistently throughout the year and the preceding year, with the exception of accounting standards adopted in the current year and the exception detailed below. Where a choice of treatment is available the directors apply the most appropriate accounting policy and estimation technique in accordance with Financial Reporting Standard Number 18 (FRS 18).

The company is exempt from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Protocol Associates NV, a company registered in Belgium which prepares consolidated accounts which are publicly available. In addition the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 for the same reason.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the group's bankers will continue their support by providing adequate overdraft and loan facilities that are commensurate with the cash and working capital requirements of the group. Extended overdraft and loan repayment arrangements are in the process of being negotiated with the group's bankers, and the directors are confident that these negotiations will be successful such that the going concern basis remains appropriate. Consequently they consider that no adjustments are required to the valuation and classification of assets and liabilities in these financial statements.

Deferred taxation

Full provision is made for deferred taxation arising on all timing differences. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Investments

The company's investments in subsidiaries are stated at cost less any impairment provision for diminution in value.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities are translated at year end exchange rates (or at a contractual rate if applicable) and the resulting exchange rate differences are dealt with in the determination of profit for the financial period.

2 Staff numbers and costs

The average number of persons (all directors) employed by the company during the year was 2 (2002: 2).

The total emoluments of the directors, including pension contributions was £nil (2002: £nil).

The directors emoluments in respect of services to the company are borne by Protocol Systems Limited, another group company, and their emoluments are shown in the financial statements of that company. Copies of these financial statements can be obtained from the Company Secretary, Arboretum Gate, 88-90 North Sherwood Street, Nottingham, NG1 4EE.

3 Operating loss

Operating loss is stated after charging:		2003 £'000	2002 £'000
Auditors' remuneration	- for audit work	1	6
	- for other services	2	1
Exceptional item	- write off of amounts due from former fellow subsidiary	-	1,427
Exceptional item	- Legal costs in respect of settlements with former directors (£17,000), disposal of a group investment (£67,000) and other reorganisations (£36,000)	120	-

4 Interest Receivable and Similar Income

	2003 £'000	2002 £'000
Bank interest	514	359

5 Interest Payable and Similar Charges

	2003 £'000	2002 £'000
Bank interest	2,193	1,696
Amortisation of issue costs	221	221
Loan note interest	3,209	3,145
Bank charges	59	169
	5,682	5,231

6 Taxation

The tax (charge)/credit, based on the loss for the year, comprises:

	2003 £'000	2002 £'000
UK Corporation tax at 30% (2002: 30%)	2	1,252
Under provision in respect of prior years	(251)	(145)
	(249)	1,107

There is no actual or potential deferred tax liability (2002: £nil).

The corporation tax debtor has been adjusted by the group relief of losses surrendered to Protocol Skills Limited for which payment of £2,000 (2002: £1,252,000 surrendered to Protocol Training Limited, Education Lecturing Services Limited, Protocol National Limited and Protocol Teachers Limited) is receivable.

6 Taxation (cont'd.)**Factors affecting tax charge for the year**

The tax assessed for the year differs from the 30% standard rate of corporation tax in the UK. The differences are explained below:

	2003	2002
	£'000	£'000
Loss on ordinary activities before tax	5,348	6,848
Loss on ordinary activities multiplied by 30% standard rate of corporation tax in the UK	1,604	2,054
<i>Effects of:</i>		
Permanent differences	(15)	(452)
Adjustments in respect of previous periods	(251)	(145)
Other timing differences	(1,587)	(350)
Actual tax on loss on ordinary activities	(249)	1,107

7 Investments**Cost and net book value**

At 1 July 2002 and at 30 June 2003

£'000

11,468

Details of wholly owned subsidiary undertakings, all of which are registered in Great Britain, are as follows:

Name	Nature of business
Protocol Systems Limited	Provision of hardware and software technical support
Protocol Training Limited	Training consultants
Tektra Limited	Training providers and management of associated training schemes
Protocol Learning Limited	Intermediate holding company of Protocol Skills Limited
Protocol Recruitment Limited	Non-trading subsidiary
Harnser Associates Limited	Dormant company

8 Debtors

	2003	2002
	£'000	£'000
Amounts owed by group companies	53,209	55,064
Other taxes and social security	-	9
	53,209	55,073

9 Creditors - Amounts falling due within one year

	2003	2002
	£'000	£'000
Trade Creditors	3	21
Bank loans (see Note 10)	3,627	964
Amounts due to group undertakings	13,930	14,083
Accruals and deferred income	453	549
	18,013	15,617

10 Creditors - Amounts falling due after more than one year

	2003	2002
	£'000	£'000
Loan stock	41,810	38,612
Bank loans	20,608	25,513
Term loan to a fellow group company	496	447
	62,914	64,572

The term loan to a fellow group company includes interest of £49,900 (2002: £35,000) which is rolled over quarterly at 10% per annum. The beneficiary of the loan is Protocol Associates NV.

Maturity of Debt

	2003	2002
	£'000	£'000
In one year or less, or on demand	3,627	964
Total instalment debt due within one year	3,627	964
In more than one year, but not more than two years	6,033	3,848
In more than two years, but not more than five years	14,575	19,162
In more than five years	-	2,503
Total instalment debt due after one year	20,608	25,513
Total instalment debt	24,235	26,477
Loan notes repayable otherwise than by instalments	41,810	38,612

10 Creditors - Amounts falling due after more than one year (cont'd.)**Terms of repayment**

With respect to the unsecured loan notes of £41,810,000 falling due after more than one year, payment becomes due on a takeover or Listing. The company also has the option of repaying the loan note at 30 days notice.

Bank loans, which are stated net of issue costs released to the profit and loss account over the life of the loans, are as follows:

Tranche A (£18,279,543) is repayable in instalments which commenced 31 March 2003.

Tranche B (£1,567,148) is repayable in full on 31 March 2006.

Tranche C (£5,005,000) is repayable in two equal instalments on 30 June 2007 and 31 December 2007.

In accordance with FRS 4, bank loans are stated after an arrangement fee of £1,116,000 which is being amortised over the period of the loans. The charge in the current year was £221,000 (2002: £221,000).

Rates of interest payable

With respect to £36,472,000 of loan notes falling due in more than five years interest is charged at 8% per annum. 50% of interest charged is payable in arrears due in December and June, with the balance being accrued and added to the principal of the loan note.

With respect to the remaining £5,338,000 of loan notes falling due in more than five years interest at 8% is payable. All interest is accrued and added to the principal sum of the loan note.

With respect to bank loans, interest is payable at rates between 2.25% and 3.5% above LIBOR, and certain bank loans are subject to interest hedging arrangements.

11 Share Capital

	2003	2002
<i>Authorised, Allotted and fully paid</i>	<i>£'000</i>	<i>£'000</i>
Equity		
999,999 Ordinary shares of 90p each	900	900
142,857 'A' ordinary shares of 90p each	129	129
1 £1 share	-	-
	1,029	1,029

Share Rights

The ordinary shares and 'A' ordinary shares rank pari passu with regard to distribution rights. With regard to voting rights the holders of 'A' ordinary shares are entitled to cast, in relation to each resolution proposed, such number of votes as shall comprise three-fourths of all votes so cast. The one pound share has the same rights as an ordinary share.

12 Reserves

	<i>Share premium account £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 1 July 2002	114	(7,631)	(7,517)
Loss for the financial year	-	(5,597)	(5,597)
At 30 June 2003	114	(13,228)	(13,114)

13 Reconciliation of movements in shareholders' funds

	2003	2002
	<i>£'000</i>	<i>£'000</i>
Opening shareholders' funds	(6,488)	(747)
Loss for the financial year	(5,597)	(5,741)
Closing shareholders' funds	(12,085)	(6,488)

14 Deferred tax

Deferred tax assets have not been provided as follows:

	2003	2002
	£'000	£'000
Losses	2,371	514
Other timing differences	11	11
	2,382	525

15 Contingent Liabilities

The company, as part of an interest set-off arrangement, has guaranteed the overdraft facilities of a number of fellow group undertakings. The maximum liability under the guarantee is limited to the credit balances in those accounts which are part of the interest set-off arrangement together with the proceeds of any items in the course of collection for the credit of such bank accounts.

The group indebtedness, being bank debt, is secured by fixed and floating charges across the undertakings of the group.

16 Related Party Transactions

The Company has taken advantage of the exemption available under Financial Reporting Standard 8 for 90% owned subsidiaries not to disclose related party transactions with members of the same group.

17 Ultimate Parent Company

The company's entire issued share capital is owned by Protocol Associates NV. This company is the immediate parent undertaking.

Protocol Associates NV is the smallest and largest group to consolidate these financial statements. Protocol Associates NV is registered in the European Union. Copies of the group financial statements can be obtained from the Company Secretary, Arboretum Gate, 88-90 North Sherwood Street, Nottingham, NG1 4EE.

Bridgepoint Capital (Nominees) Limited have a majority shareholding in Protocol Associates NV. This shareholding is for the benefit of a number of investment vehicles administered by Bridgepoint Capital Limited. In the opinion of the directors there is no ultimate controlling party. Copies of the financial statements of these companies are available at their registered office at 101 Finsbury Pavement, London, EC2A 1EJ.