

Interactive Hotel Services Limited

**Directors' report and financial
statements**

Registered number 4033274

31 March 2001



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Directors' report

The directors submit their report together with the financial statements of Interactive Hotel Services Limited for the period from incorporation on 10 July 2000 to 31 March 2001.

Principal activities and business review

The company was incorporated on 10 July 2000 to operate as a holding company for the Quadriga business. On 6 September 2000, the company acquired a controlling interest in the issued share capital of Interactive Hotel Services Holdings plc an intermediate holding company for the Quadriga business.

Post balance sheet event

Since the balance sheet date the directors of Carmelite Capital Limited, the ultimate parent company, have been in negotiations with the group's bankers to re-finance the existing indebtedness. These discussions are now in an advanced stage and the group's bankers National Westminster Bank Plc, have agreed in principal the terms of a new two year facility. The finalisation of the terms are only subject to the following principal items:

- Legal documentation.
- Additional subordinated loan note from Nomura International Plc of a minimum of £70 million (which has now been committed by Nomura International Plc).
- The execution of a facility and inter creditor agreement and security.

The directors are confident that the group will be successful in completing the planned refinancing, which is expected to provide the funding capacity necessary to finance the group's development and expansion plans over the short to medium term.

Directors

The directors of the company during the financial period and their interest in shares of the company were:

| | |
|----------------------------|---|
| F S Duncan | (appointed 4 September 2000) |
| M Fresson | (appointed 10 July 2000) |
| C M Rowlinson | (appointed 1 August 2001) |
| M L Simpson | (appointed 10 July 2000, resigned 1 August 2001) |
| L Howes | (appointed 10 July 2000, resigned 4 September 2000) |
| Huntsmoor Limited | (appointed 10 July 2000, resigned 10 July 2000) |
| Huntsmoor Nominees Limited | (appointed 10 July 2000, resigned 10 July 2000) |

None of the Directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Directors' report *(continued)*

Auditors

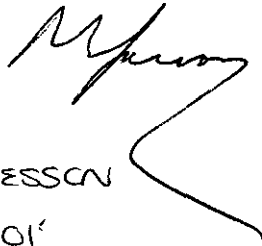
In accordance with section 250 of the Companies Act 1985 the company, being eligible, has resolved not to appoint an auditor.

On behalf of the board

Director

MARK FRESSON

Date: 29 11/01'



Carmelite
50 Victoria Embankment
Blackfriars
London
EC4Y 0DX

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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.

Profit and loss account

for the period from incorporation on 10 July 2000 to 31 March 2001

| | £ |
|--|--------------|
| Interest payable | (788) |
| | <hr/> |
| Loss on ordinary activities before taxation | (788) |
| Tax on loss on ordinary activities | - |
| | <hr/> |
| Retained loss for the financial period | (788) |
| | <hr/> |

All results relate to continuing operations.

There is no material difference between the profit on a historical cost basis and that described in the profit and loss account.

The company has no recognised gains or losses other than the result retained for the period.

Balance sheet
at 31 March 2001

| | Note | £ |
|---|------|----------|
| Fixed assets | | |
| Investments | 3 | 12,500 |
| Total assets | | 12,500 |
| Creditors: loan falling due after more than one year | | (13,288) |
| Net liabilities | | (788) |
| Capital and reserves | | |
| Called up share capital | 5 | - |
| Profit and loss account | 6 | (788) |
| Shareholder's deficit – equity | | (788) |

The company was entitled to exemption under section 249A(1) of the Companies Act 1985 from the requirement to have its accounts for the financial period ended 31 March 2001 audited.

No notice has been deposited under section 249B(2) of that Act requiring an audit in relation to the company's accounts for that financial period.

The directors acknowledge their responsibilities for:

- ensuring the company keeps accounting records which comply with section 221 of the Companies Act 1985; and
- preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period in accordance with the requirements of section 226 of that Act, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the board of directors on 29/11/01 and were signed on its behalf by:

Director

MARK FRESSON



Reconciliation of movements in shareholder's funds
for the period from incorporation on 10 July 2000 to 31 March 2001

| | £ |
|-------------------------------|-------|
| Loss for the financial period | (788) |
| New share capital subscribed | - |
| | <hr/> |
| Closing shareholder's deficit | (788) |
| | <hr/> |

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.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that Carmelite Capital Limited, a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Carmelite Capital Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Carmelite Capital Limited group (or investees of the group qualifying as related parties). The consolidated financial statements of Carmelite Capital Limited, within which this company is included, can be obtained from the address given in note 9.

Investments

In the company's financial statements, investments in subsidiary undertakings, are stated at cost less any amounts written off.

Warrants

Where warrants are in issue which give the holder the option to receive cash or shares, the amount is shown as a liability. Where the amount due under the cash option is calculated by reference to the market value per share on the exercise date, the liability included in the balance sheet is based on the director's best estimate of the open market value of the issuing company.

2 Remuneration of directors and staff numbers and costs

No director received any remuneration during the period in respect of services to the company.

The company employs no staff.

3 Fixed asset investments

| | Shares in subsidiary undertakings £ |
|--------------------------------|--|
| <i>Cost and net book value</i> | |
| Additions | 12,500 |
| At end of period | 12,500 |

Notes (continued)

3 Fixed asset investments (continued)

The undertakings in which the company has a direct or an indirect interest at the period end are as follows:

| | Country of Incorporation | Class and percentage of shares held | |
|---------------------------------------|-----------------------------|---|-----|
| Quadriga Worldwide Limited | England | Ordinary | 100 |
| Quadriga EMEA Limited | England | Ordinary | 100 |
| Quadriga Benelux BV | Netherlands | Ordinary | 100 |
| Quadriga Belgium NS/SA | Belgium | Ordinary | 100 |
| Quadriga Danmark AS | Denmark | Ordinary | 100 |
| Quadriga Norge AS | Norway | Ordinary | 100 |
| Thorn Finland OY | Finland | Ordinary | 100 |
| Quadriga Svenska AB | Sweden | Ordinary | 100 |
| Quadriga France SAS | France | Ordinary | 100 |
| Quadriga Continental Europe SNC | France | Ordinary | 100 |
| Quadriga Greece Hotel Technologies SA | Greece | Ordinary | 100 |
| Quadriga Poland SP z.o.o | Poland | Ordinary | 100 |
| Quadriga Suisse SA | Switzerland | Ordinary | 100 |
| Quadriga Espana SA | Spain | Ordinary | 100 |
| Quadriga Italia Spa | Italy | Ordinary | 100 |
| Quadriga Deutschland GmbH | Germany | Ordinary | 100 |

The principal activity of these subsidiary undertakings set out above is the supply of equipment and software enabling the provision of in-room technology based services to hotels and similar services to other markets across Europe.

The following subsidiary undertakings are either a holding company or are dormant:

| | Principal activity | Country of Incorporation | Class and percentage of shares held | |
|---|-----------------------|-----------------------------|---|-----|
| <i>Subsidiary undertakings</i> | | | | |
| Interactive Hotel Services Holdings plc * | Holding company | England | Ordinary | 67 |
| | | | Preference shares | 100 |
| Quadriga Holdings Limited | Holding company | England | Ordinary | 100 |
| Quadriga Holdings BV | Holding company | Netherlands | Ordinary | 100 |
| Thorn France Holdings SAS | Holding company | France | Ordinary | 100 |
| Quadriga Technology Limited | Dormant | England | Ordinary | 100 |
| Thorn France SAS | Dormant | France | Ordinary | 100 |
| Visea GP SA | Dormant | France | Ordinary | 100 |
| Handelmaatschappij Netto BV | Dormant | Netherlands | Ordinary | 100 |

* denotes investment held directly by the company at 31 March 2001.

4 Creditors: loan falling due after more than one year

The loan falling due after more than one year is an unsecured loan note with an interest rate of 11% and a maturity date of 6 September 2010.

Notes (continued)

5 Called up share capital

| | £ |
|---|-------|
| <i>Authorised</i> | |
| Equity: 100,000 Ordinary shares of 1 pence each | 1,000 |
| | <hr/> |
| <i>Allotted, called up and fully paid</i> | |
| Equity: 1 Ordinary share of 1 pence | - |
| | <hr/> |

6 Reserves

| | Profit and loss account £ |
|------------------------------|---------------------------------|
| Retained loss for the period | (788) |
| | <hr/> |
| At end of period | (788) |
| | <hr/> |

7 Warrants

Warrants exercisable at a strike price of £0.01 have been issued to Nomura International Plc. The warrants are for cash settlement or the issue of one ordinary share per warrant. Upon exercise of the warrants, if the cash settlement has been selected, the cash settlement amount per warrant shall be the excess (if any) of the open market value of an ordinary share in the company over the cost to subscribe at par for an ordinary share. The number of warrants outstanding as at 31 March 2001 was 99,999.

The directors consider that the value of the warrants at the balance sheet date is £nil and no cash settlement is currently anticipated. Accordingly, no liability in respect of these warrants has been recognised as at 31 March 2001.

8 Post balance sheet event

As disclosed in the directors report, subsequent to the period end the directors of Carmelite Capital Limited, the ultimate parent undertaking, negotiated refinancing of the group with funding committed by a leading bank and the ultimate controlling party of the group.

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

The largest group in which the results of the company are consolidated is that headed by Carmelite Capital Limited, incorporated in the UK. The consolidated accounts of this company are available to the public and may be obtained from Carmelite, 50 Victoria Embankment, London, EC4Y 0DX.

The Nomura Securities Group of Companies, of which Nomura International plc is the principal UK subsidiary, has the ability to exercise a controlling influence over the company through the Nomura Group's Holding of warrants to subscribe for the ordinary shares of the company, a subsidiary undertaking of Carmelite Capital Limited.

As disclosed in note 5, during the year 99,999 of ordinary warrants were issued to Nomura International Plc. In addition, as disclosed in note 4, on 6 September 2000 the company issued a loan note to Nomura International Plc for £12,500 with an interest rate of 11% and a maturity date of 6 September 2010.