

ELECTINFO LIMITED
DIRECTORS' REPORT
AND FINANCIAL STATEMENTS

Registered Number 4049697

28 FEBRUARY 2005



Electinfo Limited

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 28 February 2005.

Principal activity and business review

The company was set up to operate as a joint arrangement between Grattan Plc and Freemans Plc, under which the information technology requirement of each company would be serviced. Freemans Plc owns 100% of the issued share capital.

The company ceased trading on 28 February 2005. Profit for the financial year was £nil.

Dividends

No dividend was declared or paid in the year (2004: £nil).

Directors and directors' interests

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

| | |
|---------------|---------------------------|
| Mr N Finnigan | (resigned 23 April 2004) |
| Mr M L Hawker | |
| Mr C West | (appointed 26 April 2004) |

None of the directors who held office at the end of the financial year held any disclosable interest in the shares of the company.

Mr N Finnigan was, and Mr M L Hawker and Mr C West are, also directors of the immediate parent company, Freemans Plc and their interests in shares of group undertakings are disclosed in the accounts of that company.

During the year, liability insurance was maintained for the company's directors.

Political and charitable contributions

The company made no political or charitable contributions during the year (2004: £nil).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



I ANDREW
Secretary

139 Clapham Road
London
SW99 0HR

19 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ELECTINFO LIMITED

We have audited the financial statements on pages 4 to 8.

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 28 February 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

19 May 2005

1 The Embankment
Neville Street
LEEDS
LS1 4DW

Electinfo Limited

PROFIT AND LOSS ACCOUNT for the year ended 28 February 2005

| | Notes | Discontinued operations 2005 £000 | Discontinued operations 2004 £000 |
|---|-------|--|--|
| Turnover | 1 | 9,155 | 8,673 |
| Cost of sales | | (9,155) | (8,673) |
| Gross profit | | - | - |
| Administrative expenses | | - | - |
| Profit on ordinary activities before taxation | 2 | - | - |
| Tax on profit on ordinary activities | | - | - |
| Result for the financial year | 7 | - | - |

All turnover and losses derive from discontinuing operations.

A statement of movements in reserves is given in note 7.

There is no difference between the result for the period on an unmodified historical cost basis and the result disclosed above.

The notes on pages 6 to 8 form part of these financial statements.

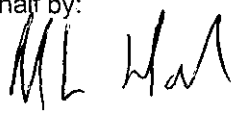
Electinfo Limited

BALANCE SHEET at 28 February 2005

| | Notes | 2005 £ | 2004 £ |
|---|-------|-----------|-----------|
| Current assets | | | |
| Debtors - amounts due from immediate parent company | | 1 | 1 |
| Net assets | | 1 | 1 |
| Capital and reserves | | | |
| Called up equity share capital | 6 | 1 | 1 |
| Profit and loss account | 7 | - | - |
| Shareholders' funds - equity | | 1 | 1 |

The notes on pages 6 to 8 form part of these financial statements.

The financial statements were approved by the board of directors on 19 May 2005, and were signed on its behalf by:


M L HAWKER
Director

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 financial statements.

Basis of preparation

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

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

As the company is a wholly owned subsidiary of Freemans Plc, 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 group.

Value added tax

The accounting policy is to account for the liability on output VAT at the point at which a sale is recognised.

Debtors

Bad debts are written off as incurred and a specific provision is made on all debts outstanding from customers which are considered doubtful.

Turnover

Turnover, all of which arises in the United Kingdom, represents the value of IT services provided to Grattan Plc and Freemans Plc excluding value added tax.

2. Profit/(loss) on ordinary activities before taxation

Audit fees are borne by Freemans Plc, the immediate parent company.

3. Remuneration of directors

The directors are directors or employees of Freemans Plc, the immediate parent company, and are remunerated as such. The directors receive no payments in respect of services provided as directors of the company.

Notes (continued)**4. Staff numbers and costs**

The average weekly number of persons employed by the company during the year, analysed by category, was as follows:

| | 2005 No. | 2004 No. |
|----------------|-------------|-------------|
| Administration | 265 | 255 |

The aggregate payroll costs of these persons were as follows:

| | 2005 £000 | 2004 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 7,643 | 7,310 |
| Social security costs | 649 | 610 |
| Other pension costs | 863 | 753 |
| | 9,155 | 8,673 |

No director receives any remuneration for his services as a director of the company.

5. Pension costs

The company has employees who are part of both the Grattan group and Freemans group pension schemes which provide benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary.

The pension charge for the period was £863,000 (2004: £753,000).

The results of the Grattan group and Freemans group schemes and the assumptions having most significant impact on the results of the valuations are disclosed in Grattan Plc and Freemans Plc consolidated financial statements respectively.

As a result of participating in a group scheme, the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis. As permitted by FRS 17 the scheme will be accounted for when the standard is fully adopted as though it was a defined contribution scheme.

The most recent valuation of the Grattan group scheme at April 5, 2003 was updated on a FRS 17 basis at February 28, 2005. The valuation produced a net deficit (after related tax asset) of £40.9m (2004: £34.7m).

The most recent valuation of the Freemans group scheme at January 31, 2001 was updated on a FRS 17 basis at February 28, 2005 and this valuation produced a net deficit (after related tax asset) of £58.6m (2004: £48.4m).

Electinfo Limited

Notes (continued)

6. Called up equity share capital

| | Authorised 2005 No. | Allotted, called up and fully paid 2005 £ | Authorised 2004 No. | Allotted, called up and fully paid 2004 £ |
|----------------------------|---------------------------|--|---------------------------|--|
| Ordinary shares of £1 each | 1,000 | 1 | 1,000 | 1 |

7. Reserves

| | Profit and loss account £ |
|----------------------|---------------------------------|
| At beginning of year | - |
| Result for the year | - |
| At end of year | - |

8. Contingent liabilities

Under the group election for payment of VAT, Freemans Plc, the immediate parent company, is responsible for the discharge of any liability. In the event of default by the holding company, each group company becomes liable for its portion of the liability unpaid.

9. Ultimate parent company

The ultimate parent company is Otto (GmbH & Co KG), a company incorporated in Germany.

Freemans Plc is the parent company of the smallest group of undertakings for which group accounts are drawn up and of which Electinfo Limited is a member of. Freemans Plc is incorporated in Great Britain and registered in England and Wales.

The consolidated accounts of Freemans Plc are available to the public and may be obtained from the Company Secretary, Anchor House, Ingleby Road, Bradford, BD99 2XG.